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ABSTRACT

With minor exceptions, the Job Training Partnership Act (JTPA) program is working well and is meeting its legislative mandates. The vigorous public-private partnerships that have emerged at the local community level and the strong leadership role assumed by private sector representatives on the State Job Training Coordinating Councils and Private Industry Councils are areas in which the JTPA has shown particular success. On the other hand, the Trade Adjustment Assistance program has not fulfilled its potential. Because adjustment assistance is preferable to protectionism, the trade assistance program should be modified to include more provisions for adjustment assistance, including worker adjustment assistance geared toward retraining and finding new jobs for dislocated workers. Recent federal efforts to provide increased educational and transitional services for disadvantaged youth deserve praise, although the program could be strengthened by making a few technical changes in programs. (Appendixes include summaries of sponsored research and selected staff papers and comments of the National Commission for Employment Policy on the reports of the National Council on Vocational Education.) (MN)

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ED298276

Twelfth Annual Report of The National Commission for Employment Policy

To the President
and the Congress
of the United States

January 1988

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Twelfth Annual Report of The National Commission for Employment Policy

Including Findings and Recommendations on—

- **The Job Training Partnership Act**
- **Trade Adjustment Assistance**
- **Worker Adjustment Assistance**

Report No. 22
January 1988

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To the President and Congress of the United States

January 4, 1988

The *12th Annual Report* of the National Commission for Employment Policy is submitted pursuant to Sec. 475, Part IV, of the Job Training Partnership Act (JTPA). This report contains Commission policy statements and/or findings and recommendations on the Job Training Partnership Act, trade adjustment assistance, the Administration's Aid to Families with Dependent Children (AFDC) youth proposal, and issues relating to worker adjustment.

The *12th Annual Report* covers the period July 1, 1986, through June 30, 1987. During the year the Commission completed a major assessment of the Job Training Partnership Act and its report, "The Job Training Partnership Act." This report, issued in 1987, contained a number of recommendations for strengthening that program, which we have included. In addition, the Commission undertook several activities, including an investigation of the issues relating to displaced farmers, work/welfare, literacy, and the employment options for disadvantaged youth aged 9 to 15.

On behalf of the members of the Commission, I take pleasure in forwarding this report to you and expressing the commitment of all the Commissioners to do their best to assist in solving the immediate and long-range employment problems that face the Nation.

Gertrude C. McDonald

GERTRUDE C. McDONALD
Chairman

INTRODUCTION

The *12th Annual Report* of the National Commission for Employment Policy covers the period July 1986 through June 1987, program year 1986. Part I presents policy statements, findings, and recommendations from Commission work on the Job Training Partnership Act (JTPA), trade adjustment assistance, the Administration's Aid to Families With Dependent Children (AFDC) youth proposal, and issues relating to worker adjustment.

Part II describes the major activities of the Commission, including the Commission's congressionally mandated review of the Job Training Partnership Act. During Program Year 1986 the Commission began work in a number of important areas, including an investigation of the issues related to the plight of America's displaced farmers, work/welfare, literacy, and the employment options for disadvantaged youth aged 9 to 15.

Another area of activity was a continuation of a series of hearings and site visits around the country. The purpose of this activity, named "Outreach 86," was to learn directly from those involved with employment and training programs. The hearings focused on the impact of trade, tourism, training, JTPA implementation, and veterans' employment concerns. One of the goals of the Commission in undertaking these hearings was to provide local communities with information about its own work on issues related to these topics.

Yet another activity was the start of a series of meetings with the State Job Training Coordinating Council (SJTCC) chairs. The purpose of these meetings was to provide a forum for the SJTCC chairs to discuss their problems and achievements with the Commission and provide information informally to each other. An important function of these meetings was to enable the author of the Commission's JTPA report to hear firsthand from State representatives about the progress of JTPA programs around the country.

Part III of this report summarizes the Commission's formal meetings. Appendix A provides abstracts of Commission Research Reports and selected staff papers issued throughout the program year. The Commission has continued its practice of issuing individual Research Reports to its audiences as each was completed. Appendix B contains the Commission's comments on the reports of the National Council on Vocational Education, as required by Sec. 473(7)(B) of the Job Training Partnership Act. A listing of Commission reports is included at the end of this Annual Report.

Part I

FINDINGS AND RECOMMENDATIONS OF THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY

July 1, 1986, through June 30, 1987

The Job Training Partnership Act Policy Statement

At its March 1987 meeting, the National Commission for Employment Policy (NCEP) adopted the final policy statement for *The Job Training Partnership Act: A Report by the National Commission for Employment Policy*. This major report examined and evaluated the effectiveness of the first 3 years of the Job Training Partnership Act (JTPA) programs. The Commission subsequently transmitted these policy recommendations to the President and the Congress of the United States.

Statement

The National Commission for Employment Policy (NCEP) has reviewed the status of Job Training Partnership Act (JTPA) programs nationwide. The Commission concludes that, with minor exceptions, JTPA is working well and is meeting its legislative mandates.

The Commission is particularly pleased with the vigorous public-private partnerships that have emerged at the local community level. The strong leadership role assumed by the private sector representatives on the State Job Training Coordinating Councils and Private Industry Councils has had a major impact on the success of the program. States are working hard to provide the leadership role assigned to them by the Act.

Based on our analysis of available information, the Commission concludes that JTPA is helping people in need of its services and making a significant difference in their lives. The introduction of performance standards has made the program more efficient than previous efforts and has increased its acceptance by the public.

The Commission's specific recommendations for program improvement are contained in a separate section. However, the Commission would resist any major changes to the current Act, particularly the addition of public service employment policy.

The Commission supports efforts to link JTPA with public assistance programs, economic development activities, and education, as well as creative attempts to assist the hard-to-serve.

The Commission applauds the accomplishments of JTPA administrators at all levels during the past three years and encourages their continuing efforts on behalf of the economically disadvantaged and dislocated workers throughout the Nation.

The Job Training Partnership Act: National Commission for Employment Policy Conclusions and Recommendations

The Job Training Partnership Act (JTPA) became law in October 1982 and went into full force and effect in October 1983 after a one-year period of transition from its predecessor legislation. JTPA is the last of 10 block grants proposed by President Ronald Reagan as part of his philosophy of New Federalism, which assigns the authority for administering federally funded programs to States and localities.

Guiding principles of the legislation are State oversight and control; a partnership between elected officials and private industry councils

(PICs) to administer programs at the local level; a strong leadership role for representatives of private business at both the State and local levels; a primary focus on training for unsubsidized jobs; limitations on both administrative costs and supportive services for individuals in training; and the use of national performance standards to gauge program success.

Local service delivery areas (SDAs) and the States have now had four years of experience under JTPA, including the transition period. The program has matured, and its administrators at both the State and local levels have grown more confident in their assigned roles. The Commission believes that this is an appropriate time to examine and evaluate the effectiveness of JTPA programs, as it is required to do under Section 473 of the legislation, and to report to the President and the Congress its findings and recommendations for program improvement.

To accomplish this task, the Commission has examined evidence drawn from a number of program evaluations funded by NCEP and others, program management and performance data collected by the U.S. Department of Labor, and anecdotal information gathered through the Commission's own "Outreach Program," which has included formal hearings, sponsored meetings of State and local officials, site visits, and informal discussions with national, State, and local officials and program administrators, educators, program trainees, and employment and training professionals around the country. Our conclusions and recommendations—based on a synthesis of this accumulated data—follow.

Title I—The Job Training Partnership

Local Relationships

The Commission acknowledges and commends the efforts of both local elected officials and members of the private industry councils in making the local partnership structure work so effectively in most areas.

The Commission is aware that one of the big "question marks" of the JTPA legislation when enacted was how well the local partnership structure would function. The Congress mandated that elected officials and private industry councils, the majority of whom are private business representatives, work together to plan and direct local JTPA programs. However, it was the responsibility of all of these individuals to develop a working relationship in practice. Moreover, there was some concern expressed at the outset about the prospects for continued commitment of business and community leaders, who would serve as volunteers without required reimbursement and might soon grow weary of their responsibilities under JTPA.

The Members of the Commission are pleased to say that in nearly every case in which we are personally aware and in most sites observed as part of national evaluations, the local partnerships are functioning harmoniously and well. We are equally pleased to note that representatives of private business who sit on and chair local private industry councils are taking their responsibilities seriously and are generally remaining on the PIC for the duration of their appointments and participating actively in council activities. PICs seem to be performing vigorously and working effectively with local elected officials. A new sense of partnership has in fact been forged, and the public/private partnership is thriving in most areas.

We note with great satisfaction that the marketing and public relations activities of many PICs have had a salutary effect in creating a very positive public image of JTPA, and we commend the activities of these local councils for helping to make job training for the disadvantaged a legitimate enterprise in the eyes of the public and, in particular, the eyes of local businessmen and businesswomen who provide jobs for trainees.

In recognition of this fact, *the Commission (which in the past year has presented its own awards of merit to PICs with exemplary programs in areas it has visited) wholeheartedly endorses the decision of the Congress to authorize a program of Presidential Awards for outstanding business achievement in job training programs and for model programs serving individuals with multiple barriers to employment.* **The Commission suggests, however, that in the future the nomination criteria for the awards be broadened somewhat to include PIC/LEO partnerships that are working in a particularly effective manner, since we would prefer that the awards be presented to both local partners, where appropriate, and not limited to PICs alone.**

As a means of further strengthening private industry councils, the Commission recommends to SDAs that special efforts be directed to attracting to the councils certain groups of business leaders who may not be as well represented as they might be at the present time. For example, we found that in Puerto Rico, larger firms from Fortune 500 companies that had branches in the

Commonwealth did not often participate on the PICs. We believe that wherever such firms are major employers in a locality, they should be urged to participate. Similarly, we note from the NAB survey of 1985 that certain kinds of small businesses, particularly service and retail operations, were sometimes underrepresented on local PICs. Since both service and retail trade will account for a large share of all future job opportunities, we urge local officials to make a special effort to be sure that they are represented as much as possible on the local councils.

The State Role

The Commission finds that the State role has been strengthened over the past four years as the various State "actors" have grown more accustomed to the program and their responsibilities under the law. Nevertheless, the Commission believes that State-level administration is an area that requires greater attention if the concept of New Federalism is to be fully and efficiently realized under JTPA.

We recognize that States have assumed new roles and responsibilities with which they are unfamiliar. The Commission supports the block grant concept and acknowledges that this will naturally result in a healthy diversity in the level of program development. The program is maturing, but unfortunately not all States have yet acquired the expertise to oversee JTPA programs most effectively. Where there are particular difficulties for which technical assistance can be useful, the Commission believes it ought to be provided by the Department of Labor or the Commission or other organizations with the ability to help.

1. The Governor/State JTPA Staff

In keeping with the concept of decentralization inherent in block grants, the role of the governor and the degree of his or her personal involvement in JTPA policies and programs have been determined by the individual. **Recognizing that strong gubernatorial leadership is often associated with successful programs, the Commission recommends that all newly elected governors be provided with personal briefings and additional descriptive material about the program by the U.S. Department of Labor (DOL)**. This could be done by DOL directly, using national and regional staff, or with the assistance of the National Governors' Association. The Commission is anxious to see that new governors receive early information about the program, so that State Job Training Coordinating Council activities and State-level JTPA operations are disrupted as little as possible following any changes in administration.

The Commission believes that JTPA should be considered an important tool for statewide economic development and as an integral part of any statewide human resource policy. The Commission is strongly supportive of any effort to develop State employment and training and/or human resource policies that encompass JTPA and other programs. **Accordingly, we recommend that in the future a separate category of the Presidential Awards program be developed to include State-level activities that demonstrate this commitment.**

The Commission heard from most of the State Job Training Coordinating Council Chairs who attended its regional meetings during the summer and fall of 1986 that it would be extremely beneficial if the State could provide *preventive* technical assistance to local areas that might not meet its performance goals. Previously, the Act provided that technical assistance grants be reserved for SDAs that *did not qualify* for incentive grants, thereby effectively precluding their use in areas that needed help but were not yet at a point of failure. *An amendment to change the Act to allow for preventive State technical assistance was proposed, the Commission supported the change, and the amendment was subsequently enacted. The Commission believes that the ability to provide preventive technical assistance with the 6-percent funds is a healthy change that will improve the overall program*.

At the same time, the Commission is aware that concerns about Federal audits and uncertainties about future liability have disturbed many State governors and their JTPA administrative staff members to the point where they have requested a great deal of additional program information not required for the national reporting system. This has frequently led to consternation at the local service delivery area level and charges that States are overburdening local program administrators with unnecessary paperwork. The Commission is sympathetic to both sides in this issue, since they are obviously struggling with the problem of balancing State oversight responsibility and local administrative flexibility that is central to any block-grant program. The Commission is also aware that some degree of tension between the two is inherent in the State-local relationship and will never be resolved.

The Commission nevertheless recommends that the States review their current reporting requirements for service delivery areas with the

objective of reducing the amount of information currently required from these local communities and that any additional State reporting requirements be carefully considered in terms of the paperwork burden that they will impose on the SDAs. Wherever possible, the Commission recommends that State and local JTPA administrators work together to determine what kinds of information are most needed.

2. The State Legislature

The role of the State legislature is very loosely defined in the Act, but permits both oversight and the addition of State funds to Federal JTPA dollars. In some cases, political polarities within the legislatures or between the governor and the State legislative leadership have led to friction that interferes with efficient JTPA administration. Nevertheless, the Commission believes that knowledge about JTPA on the part of State legislators is both useful and desirable. **Therefore, as in the case of governors, the Commission recommends that the Department of Labor—possibly working through the National Conference of State Legislatures—make available appropriate briefings and written material so that legislators can become more knowledgeable about JTPA and how it can be linked with other State program efforts such as welfare reform.** We applaud those instances in which State legislators have already developed programs of this nature, including welfare reform efforts in Massachusetts and California.

3. The State Job Training Coordinating Council

The Chairman of NCEP met with most of the State Job Training Coordinating Council chairs in four regional meetings held during the summer and fall of 1986. As a result of those meetings, it became apparent that the Councils and the chairs had become much more comfortable with their assigned responsibilities under the Act and, in many cases, were moving beyond procedural administrative matters to broad policy issues. To facilitate their activities, they were searching for a means of exchanging information among themselves about "best practices" and looking for potential solutions to common problems.

The Commission welcomed the opportunity to meet with the SJTCC chairs, and it pledges to continue to provide avenues of discussion for them, including, where desirable, meetings with representatives of the national office of the Department of Labor and with the Congress. The Commission believes that the State Job Training Coordinating Councils are a vital part of the JTPA administrative system, and we are pleased with the progress we have seen in the development of their role under JTPA.

The Federal Role

The Commission is aware that the U.S. Department of Labor adopted a deliberate "hands-off" posture during the implementation of JTPA and was criticized for offering very little in the way of technical assistance to States and localities, unsure about their new roles and responsibilities under JTPA. In retrospect, we believe that this posture was the most effective way in which to foster the independence required by States and localities under the concept of a block grant. Now that JTPA administrators have become more experienced, however, we believe that there are some program areas in which both States and localities could benefit from technical assistance and training provided by the Department directly or through grants to outside groups. We would note that Sec. 455 (a) of the Act *requires* the Secretary of Labor to provide these services.

Three areas that we feel need this kind of assistance are performance standards, management information (particularly with regard to post-program followup), and program evaluation. These are technical areas in which many State and local staff are far from expert. Moreover, because of the emphasis placed on meeting performance standards, some program administrators are reluctant to risk making changes to the national standards in order to accommodate programs for special groups, even though there is authority within the law to vary standards in accordance with local conditions or the characteristics of groups served.

Labor market information is a fourth area that is rarely given much attention, but is very necessary to most States and localities who lack the resources for it. We also note that the Act directs the Secretary to provide or arrange to have provided both preservice and inservice training for specialized, supportive, supervisory, or other personnel, including job skills teachers. Audit requirements are another area that has left many States and local areas uncertain about the standing of earlier program decisions and that may benefit from clarification. Finally, we have been informed that, now that the Department is beginning to offer more program guidance, conflicting answers to questions from States about

policy and procedure have come from the Department of Labor, and that consequently some review of the Department's procedures for policy guidance is needed.

1. Performance Standards

The Commission recommends that the Department of Labor in the next year work toward the goal of ensuring that appropriate staff at both the State and local levels have a thorough understanding of performance standards. In particular, there is a need for greater knowledge of how the Department of Labor's regression analysis model can be used to establish *reasonable* performance expectations, in the context of local economic conditions and the characteristics of individuals who need services. We believe that this assistance would encourage the kind of special programs that have already developed in some SDAs as a means of assisting the hard-to-serve and would overcome the false belief that JTPA performance standards prevent serving the most economically disadvantaged individuals.

The technical assistance required could be provided by the Department directly or through outside groups, but the Commission believes that the Department should make every effort to ensure that JTPA administrators at all levels are knowledgeable about the performance standards system and how it can be modified to reflect local conditions. **Specifically, we would recommend seminars or other forms of on-site assistance to teach the basic methodology, especially in rural areas or in small SDAs where staff have had less experience than those from other larger areas.** We understand that the National Association of Private Industry Councils and other public interest groups have provided some technical assistance in understanding the DOL regression formula used in varying performance standards; we would support those efforts, as well as any others that DOL considers useful in attaining the defined goal.

2. Reporting

The Commission recommends to the Department of Labor that it pursue a similar kind of knowledge development effort with regard to reporting requirements, especially in the area of post-program followup. Now that the program has matured and there are "results" that can be tracked, the Commission believes that long-term information about trainees is vital to understanding the effectiveness of the JTPA program. The Department of Labor has indicated to the Congress that post-program followup information will be required from the States in the coming program year, with the objective of formulating followup performance standards to be applied in PY 88. *The Commission has long supported post-program reporting and the development of performance standards based upon this information.*

However, nearly all of the State Council chairs who were present at our regional meetings expressed great concern about how they could support such a data-gathering effort. *The Commission is, therefore, pleased to note that the new JTPA amendments allow the use of 6-percent setaside funds for post-program followup for up to two program years.*

With regard to other aspects of the current national reporting system, the Commission is aware that the absence of uniform definitions for "entered employment" (i.e., placement) and other outcome measures invites criticism and undermines efforts to measure the effectiveness of the JTPA program nationally and to compare results among different States and localities. The Commission believes that this is unfortunate and has discussed the possibility of recommending that "placement" be defined uniformly for all SDAs and that other changes be made to the national reporting system that would produce more information than is currently available at the Federal level.

In the deliberation of this very important issue by the Commissioners, several factors were considered. First, the Commission is aware that JTPA was designed as a block grant program, which purposely assigned administrative responsibility to States and localities. It strongly believes that the national reporting requirements should accordingly be kept to a minimum, with States and localities afforded maximum freedom to direct their own programs, including reporting. Furthermore, the Commission understands that the decision of the Department of Labor (with OMB approval) to begin collecting post-program followup data, which will indicate whether trainees are still on the job 13 weeks after termination, will obviate much of the need for a uniform placement definition. Several Commission Members also noted that NCEP is just beginning work that will respond to its congressional mandate to study the impact of performance standards on the choice of who is served, the services provided, and the costs of these services and that this work will demonstrate very clearly where there are data deficiencies and/or difficulties in acquiring program information.

Having considered all of these factors, the Commission therefore has elected to defer any specific recommendation(s) about changes to the reporting system until after it has an opportunity to determine first-hand what some of the deficiencies of the system are, and to consider further the changes that might be necessary.

At the same time, the Commission commends the Department of Labor's decision, with the concurrence of OMB, to require the collection of data on the use of setaside funds in its new JTPA Semiannual Report, and the characteristics of participants in Summer Youth Employment Programs (along with participation, termination, and expenditure data) in a separate summer report. The Commission supported these additions and believes that the information provided in these two reports will prove extremely useful to administrators at the Federal level.

The Commission was disappointed to learn that OMB turned down the request of the Department of Labor to collect certain information about long-term welfare dependency and youth competencies, which we also had supported. The latter is of particular concern to NCEP because of its interest in helping youth-at-risk, and the former is directly related to the legislative requirement that the return on the investment in job training be measured in part by reductions in welfare dependency. The Commission will consider these two areas of data collection very carefully in making its future recommendations on reporting requirements.

3. State and Local Evaluations

The Commission is concerned with the matter of how to assist State and local administrators to evaluate JTPA programs. It has funded a large-scale project that resulted in the development of State and local evaluation models, which have been provided to the Department for use in a technical assistance effort. **We recommend that the Department make available, upon the request of the States and/or localities, training and technical assistance in evaluation techniques (including process and performance).**

4. Labor Market Information

In the SJTCC meetings sponsored by the Commission and in sites visited in the course of the year, Commissioners heard from a variety of sources that labor market information (LMI) was both necessary and hard to gather in many areas. We found the problem to be particularly acute in Puerto Rico, which is not included in the Current Population Survey or the Bureau of Labor Statistics' Area Wage Surveys. For many States and SDAs, gathering accurate labor market information to assist in gauging labor market demand and training needs is both a major expense and a difficult undertaking. Sec. 461 (a) of the Act requires the Secretary of Labor to maintain a comprehensive system of labor market information on a national, regional, State, local, or other appropriate basis and to make that information publicly available in a timely fashion.

The Commission recommends that the Department work with States to be certain that the States are able to provide adequate labor market information (LMI) and can assist local communities to gather the necessary information for program and planning purposes. NCEP specifically recommends that the Department work closely with the Commonwealth of Puerto Rico (especially the Puerto Rico Occupational Information Coordinating Committee), which is just beginning to collect its own labor market information. Further, the Commission is supportive of the new provision, added by technical amendment, that the Department examine the feasibility of collecting information on dislocated farmers and ranchers. The Commission believes that such information is necessary to help define the dimensions of the agricultural problem.

5. Preservice and Inservice Training

Staff training is vital to the efficient operation of JTPA programs. **The Commission recommends that the Department provide preservice and inservice training to States and localities as the Act requires, particularly in areas that have fallen below the national performance standards and/or have been determined to be having difficulty in providing services. Such training should be developed with the cooperation of the States and could logically be coupled with a State's own efforts to provide preventive technical assistance, which is now an allowable expenditure under the 6-percent setaside.**

6. Audit Regulations

Under JTPA (Sec. 164), States are required to prepare or have prepared at least once every two years an independent financial and compliance audit of each recipient of funds under titles II and III of the Act. In addition, the Comptroller General of the United States is required to evaluate the expenditures of grant recipients on a selective basis

periodically, and the Inspector General of the Department of Labor also has auditing responsibilities. Violations of the Act that are discovered in any of these inspections will result in sanctions and repayment of disallowed expenditures.

During the transition period and on into the first program year, many States were very hesitant about making decisions that they believed might leave them liable for return of funds when the Federal auditors conducted their program reviews. The Department of Labor was very insistent that States take the lead in interpreting the law and deciding how it would be applied in their jurisdictions. States responded in many cases by requiring much more documentation from SDAs than the latter preferred. The result, frequently, was that local JTPA administrators complained that States were being more restrictive and requiring more paperwork than the Department of Labor imposed under the previous legislation.

Now that SDAs have had two full program years of experience under the Act, Federal and State audits will be taking place nationwide. Once the Federal auditors have conducted some reviews and the States know better what to expect, we anticipate that States will become more confident in their oversight role and, therefore, less restrictive in their paperwork requirements. **However, we would also recommend to the Department of Labor that their own auditing department communicate with the States on a more frequent basis about the audit standards it will apply to JTPA.** The Commission believes that this kind of communication would help to alleviate much of the uncertainty that has apparently resulted in what are considered by the service delivery areas to be burdensome reporting requirements imposed by States fearful of future audits.

7. Policy Guidance

Under the previous program, the Department of Labor sent out general responses to frequently asked questions of a policy or procedural nature. During the transition period under JTPA, the Department referred nearly all questions of this nature back to the State governors for decision. Currently, the Department has begun to take a more active role in the program and to respond directly to queries from States. The Commission has been told that, in some cases, contradictory responses to the same question have been provided to two or more States, depending upon the departmental source of the response. While this may not be a frequent occurrence, we feel that the Department should take care to see that its statements are consistent at all times.

The Commission, therefore, recommends that the Department establish one central source and/or mechanism of policy advice such as the "Questions and Answers" (Q & As) series published for previous programs and that the office responsible for this advice be placed as close as possible to the office of the Assistant Secretary for Employment and Training. The Commission does believe, however, that specific direction should be kept to a minimum in keeping with the concept of New Federalism.

Coordination

The Commission recognizes that coordination—no matter how emphatic the rhetorical exhortations become—usually depends upon the impetus of one or two strong personalities who support the goal and an awareness by all parties that coordination will result in mutual benefits. We join those who label coordination a useful goal, and, on a more practical level, we support the removal of any legal or administrative impediments (e.g., local welfare program income requirements that count OJT training wages as income in determining eligibility for public assistance) to joint program efforts, even though we also acknowledge the fact that many of these barriers reflect State and local laws and the responsibility for their removal must therefore rest at those levels.

Where Federal laws or regulations constitute barriers to coordination, however, we recommend that work begin to overcome the problem. As a first step, the Congress added to the JTPA legislation, in Sec. 5, amendments to the Wagner-Peyser Act and the Social Security Act that promote coordination between JTPA and both the public job service and the Work Incentive program. **The Commission commends this action and also recommends that the Congress add similar language to other employment-related legislation, since *mutual* requirements for coordination do more to accomplish that end than do "one-way" mandates under JTPA**.

The Commission strongly supports active program linkages at all levels of government, including the Federal. We propose that the Commission serve as a sponsor for a meeting of high-level representatives from the Departments of Labor, Education, Health and Human Services, Commerce, Defense, and other interested agencies to explore how programs administered by these various organizations can be more satisfactorily linked.

At State and local levels, we applaud efforts to join JTPA with economic development activities. The Commission suggests that JTPA administrators in areas where jobs are particularly scarce (especially rural poverty areas) consider how lesser-known agencies such as ACTION can assist them in promoting economic development and cooperative ventures. While the Commission acknowledges that some have criticized "employment-generating activities" such as assisting small businesses to secure Federal contracts and thereby create jobs that will be made available to JTPA trainees, we find such activities to be useful and worthy of support.

The Commission also supports coordinated efforts between JTPA and welfare programs, noting that the GAIN program in California and the CHOICES program in Massachusetts are two examples of efforts by States to tackle a difficult problem with the assistance of JTPA. *The Commission further commends special efforts at the local level to link JTPA with other agencies that can provide transportation and child care services.* Mindful of the problems that exist for high school dropouts and other at-risk youth, *we support all reasonable efforts to link education and training. We believe that the most recent amendments to JTPA, which promote the addition of basic and remedial education components in the summer program and the use of a part of the 8-percent funds for literacy training are very useful steps in this direction.*

At the same time, we are aware that schools are sometimes reluctant to take any further responsibility for dropouts, just as JTPA administrators sometimes look with disdain on educators who have "failed" to educate dropouts in even the most basic literacy skills. The Commission is anxious that educators and JTPA administrators move beyond this point to a recognition of their mutuality of interest in serving young people. **To promote this kind of understanding, the Commission recommends that the Department of Labor, the Department of Education, and the Commission jointly sponsor some regional conferences of educators and JTPA administrators as part of their Youth 2000 activities.** These conferences would offer workshops on such topics as the development and application of youth competencies, drop-out prevention, and other relevant issues. More importantly, the conferences would provide an opportunity for educators and training administrators to get to know one another and explore common concerns.

Title II—Training Services for the Disadvantaged

Part A—Adult and Youth Programs

Participants

The Commission is very aware that the JTPA program has been criticized for "creaming," that is selecting as participants only those eligible individuals who are already close to being job ready, who are self-motivated, and who can be placed in jobs with a minimum amount of assistance. While a definitive answer to these charges requires much more detailed analysis than is currently available, the following observations can be made based upon current program data:

The law provides that at least 90 percent of all participants must be economically disadvantaged, as defined by standard poverty measures, and that the remaining 10 percent, who may not be disadvantaged, must have encountered special barriers to employment, such as limited English-language proficiency, a prison record, alcoholism, drug addiction, a physical or mental handicap, age, or sudden displacement from a home through death of a spouse or divorce. Other special categories include school dropouts, teenage parents, and veterans.

The latest statistics for the first three quarters of Program Year 1985 clearly show that 93 percent of all participants were, in fact, economically disadvantaged; 45 percent were minorities; 42 percent were public assistance recipients (including 21 percent receiving AFDC); and 27 percent were high school dropouts. Those demonstrating barriers to employment included 3 percent with limited English abilities, 9 percent with handicaps, and 8 percent with prison records.

These participant characteristics, moreover, are not very different from JTPAs predecessor legislation, the Comprehensive Employment and Training Act (CETA). A comparison of JTPA and CETA characteristics made during the transition period by Westat, Inc., determined, for example, that JTPA and CETA participants were "comparably disadvantaged by income and employment experience," and that, in fact, unemployed participants appeared to be a higher proportion of JTPA participants than they had been under CETA. What is apparent, however, is that JTPA participants in Title II-A programs tend to be, on average, slightly better edu-

cated than their CETA counterparts, with nearly 6 out of 10 having a high school diploma or better in JTPA and 5 out of 10 having attained that level of education under CETA. This factor does indicate that JTPA participants, especially those who may enter advanced classroom training, are able to benefit readily from the training provided. On balance, however, the available characteristics data indicate that JTPA trainees are not very different from their CETA counterparts.

Based on this information and other evaluation results, the Commission concludes that JTPA *is* serving the economically disadvantaged and *is* placing the poor in jobs in accordance with its mandate. In short, we believe that the program is making a significant difference in the lives of individuals who have serious labor market difficulties and who need help in finding employment.

At the same time, the Commissioners are aware that there are persons with even more serious and often multiple problems that do not make them likely candidates for success in JTPA or, indeed, most other training programs. Drug addicts, alcoholics, welfare recipients with very large families, and adolescent parents are among those whose problems are so severe that employment is often a secondary concern. These are people who require a level of personal attention that is difficult to provide under JTPA as it is currently written and funded. Solutions to these more intractable problems will require very innovative thinking and probably much more time and money, if they are to succeed. There are, however, some things that can be done under JTPA and that the Commissioners would encourage.

For example, the Commission is aware that many local service delivery areas have funded programs that work with groups that are harder-to-serve. In many cases, these are modest efforts, but they have been developed in order to meet the needs of groups that might otherwise be neglected. We support these efforts and any measures that will encourage this type of activity. **Specifically, the Commission:**

- **Applauds the development of Presidential Awards for model programs serving individuals with multiple barriers to employment.**
- **Recommends that the Secretary of Labor devise and test specific pilot projects that will meet the employment-related needs of persons who face particularly serious labor market problems, as authorized in Sec. 453 (as amended) of the Act.**
- **Favors rapid implementation of the new provision in the Act that requires the Secretary to develop national activities for populations with multiple barriers to employment and individuals not otherwise targeted in JTPA, including the handicapped and displaced homemakers.**
- **Supports linkages between JTPA and other programs that might serve these same purposes such as the various welfare reform efforts with a training component that have developed recently in a number of States.**
- **Recommends as a means of encouraging greater attention to groups with multiple handicaps that the Department of Labor provide whatever training may be necessary to foster a better understanding of the performance standards mechanism so that States and SDAs will not avoid serving those with severe employment handicaps out of fear that they will be penalized because of it.**
- **Recommends that the Congress amend JTPA to permit a small percentage (e.g., 2 percent) of the regular II–A training allocation for each SDA to be used for any legal purpose of the Act, including experimental programs for groups with special needs, economic development, and marketing. These funds *would be exempt from performance standards*.** The Commission acknowledges that a portion of the 6-percent setaside can be used for serving special needs groups already, but we believe that permitting each SDA to make use of a small portion of their regular training funds for experimentation would result in greater strides in this direction. Successful experiments could lead to new and innovative approaches to serving the disadvantaged, especially those with unique needs.

Youth Programs

The Act requires that 40 percent of all Title II–A expenditures be for programs that serve youth, originally between the ages of 16 and 21. According to the most recent amendments, *services provided to youth between the ages of 14 and 15 can be counted toward the 40-percent requirement if these youth are enrolled in pre-employment skills training. The Commission supports this amendment.* We understand that some SDAs have had difficulty meeting the 40-percent youth expenditure requirement, even though the national average comes very close to this percentage. We believe that permitting expenditures for pre-employment services to 14- and 15-year-olds to be counted

will help to focus attention on the youth-at-risk population.

In recognition that young people with very serious handicaps, including a lack of basic skills, drug problems, early pregnancies, and related difficulties, stand very little chance of succeeding at work or in life, the Commission has begun a major project that will entail both new research and analysis of the old to arrive at conclusions about how best to help our young people who are now at risk. *Our aim is to develop a national strategy for serving youth-at-risk. We invite the Department of Labor and the Department of Education to join with us in this effort, to add their staff and funding resources to our own, with the aim of presenting findings and conclusions at a joint symposium sometime in 1987.* It is our considered judgment that youth-at-risk constitute a major problem for this Nation as we move toward the end of this century and that all of us who are concerned about the problem need to work together in devising a solution that will encompass not only job training, but anti-drug programs, education, and other supportive efforts aimed at avoiding a very serious threat to the Nation's well-being.

Programming

Training under JTPA consists largely of classroom instruction and on-the-job training. The Commissioners have visited many fine programs of classroom instruction around the country, including several that were funded largely by private corporations working with local JTPA administrators. We believe that these programs are, with few exceptions, worthwhile and are teaching skills that enrollees need to enter the job market. We are aware that some specialized courses have entry-level requirements for language and mathematical proficiencies and typing skills that not all enrollees could fulfill. *We are supportive of any efforts that are directed toward pre-vocational skill development for the hard-to-serve so they can enter more advanced training, and we would urge PICs to consider such activities to ensure a balanced approach to training.*

The Commission is pleased that on-the-job training represents a sizeable component of the JTPA program because it has always resulted in high rates of placement for participants. We recognize, however, that under JTPA, on-the-job training opportunities are often shorter-term and pay less than OJT assignments under previous programs, although there is some evidence that this may be changing as the program matures. We are also aware from personal observations during site visits, that some on-the-job training is immensely productive with excellent instruction and career potential, while other training opportunities may be very poor on both counts. **We, therefore, urge private industry councils and local and State JTPA administrators to take special care in selecting and monitoring contractors to be certain that OJT is as effective a training procedure as it can be. We also recommend to the State Job Training Coordinating Councils that they carefully evaluate OJT contracts as part of their operational reviews.**

The Commission is very concerned about the need for basic skills, literacy training, and remedial education, particularly for young people who may have dropped out of school. *We, therefore, enthusiastically support the most recent JTPA amendments that promote such efforts*, namely:

- Authorizing the use of 8 percent setaside funds for use in literacy training for youth and adults, dropout prevention and re-enrollment services, and school-to-work transition services.
- Requiring SDAs to assess the reading and math skill levels of summer youth program participants, describe in their local plans how they will spend program funds for basic and remedial education components, and establish written goals and objectives for the program.

Also, as indicated above, we support efforts to develop special programs for individuals with multiple problems and believe that the amendments authorizing Presidential awards for successful projects of this kind and broadening the Secretary of Labor's ability to fund pilot projects and national activities for special needs populations will help move the system in this direction. We encourage all local experimentation with innovative projects for the hard-to-serve.

Mindful of the role that private business can play in helping to develop effective training programs and in providing it on-the-job, we reiterate our recommendation that State and local administrators, PICs, and SJTCCs seek out both large and small businesses to become involved in JTPA. Larger Fortune 500 companies might be requested to provide matching funds or in-kind contributions for training activities; smaller companies should be considered as potential OJT contractors, and, wherever possible, training should be adapted to meet the needs of small businesses.

Use of Setasides

Three-percent: The evaluation literature points out, and conversations with SJTCC chairs confirm, that some States are having difficulty using the 3-percent setaside funds for older workers. Reasons given for this finding have ranged from recruitment problems to some reluctance on the part of JTPA administrators to focus on a population for which placements may be difficult. The Commission understands that a joint DOL/HHS study, which will highlight the practices of some of the best projects now operating with 3-percent funds, is currently underway, with results to be available in the spring of 1987. **We recommend that the study's findings be widely disseminated to States so that those who have had less successful programs might benefit from a knowledge of how more effective projects operate. We would also recommend that the Department offer specific technical assistance to States that are having difficulty using their 3-percent funds efficiently.**

The Senior Community Service Employment Program (SCSEP), which is authorized by Title V of the Older Americans Act, provides part-time subsidized employment to economically disadvantaged older Americans who are at least 55 years of age. **The Commission recommends that the Department of Labor encourage States to link JTPA programs and SCSEP activities.** At the same time, we do not feel that the definition of disadvantaged older workers under JTPA needs to be brought into conformance with the slightly broader SCSEP definition. The Commission believes that efforts to bring about closer coordination between the two programs can proceed satisfactorily without this change.

Five-percent: Many States complain that the 5-percent setaside for State administrative expenses, including auditing, the development of the Governor's coordination and special services plan, SJTCC administration, preservice and inservice training, and other State-level activities, is not sufficient. That is one reason that States establishing management information systems during the transition period relied on 6-percent monies for that purpose and were anxious to use these same funds for post-program data collection.

The Commission believes that the concerns expressed by the States have legitimacy and will become even more important as States are called upon to perform the required audits, evaluate programs, and provide additional training to SDAs. Any changes in SDA configurations within a State will likewise add to the level of administrative expenditures. **We therefore recommend that the Congress review the 5-percent setaside provision for State administrative costs, with the objective of providing a floor or administrative "hold-harmless" provision for small States.**

Six-percent: The 6-percent setaside is designated for use in providing incentive grants to programs that exceed performance standards, including incentives for serving hard-to-serve individuals; for technical assistance to SDAs; and, over the next two program years, for the establishment of post-program followup reporting systems. As indicated earlier, the Commission supports the most recent changes to the Act, which permit States to provide preventive technical assistance and that allow the use of these funds in establishing post-program data collection procedures by SDAs.

Since the 6-percent funds provided for incentives are meant to encourage SDAs to exceed performance standards and to improve the program generally, **the Commission recommends that the Congress instruct the General Accounting Office (GAO) to study the impact of these funds on program performance.** While we are in favor of rewarding those SDAs who perform well, it would be useful to know the actual effect of these incentives on performance and how the funds are actually being used.

Eight-percent: Eight percent of a State's Title II–A allotment for each fiscal year is earmarked for State education programs, including at least 80 percent for services for eligible participants under cooperative agreements between State and local education agencies and JTPA administrators, and 20 percent for coordination activities. The most recent amendments to JTPA authorize three additional activities that may be provided under the educational setaside (literacy training for youth and adults, dropout prevention and reenrollment services to youth, and statewide school-to-work transition assistance). Current law also requires that State/local education agency or agencies must provide a 100-percent match for the funds used for educational services.

Although the purpose of this setaside was to encourage coordination between education and training, in some States evaluators have noted that the funds are simply turned over to State educational agencies, which thereafter make little attempt to coordinate their use with JTPA administra-

tors. The situation is especially prevalent in those States where the Superintendent of Public Instruction is elected separately from the Governor and may have little interest in JTPA.

Once the funds have been turned over to the Department of Education, moreover, there is often little control over their use. One evaluator found, for example, that in some States the 20-percent allotment for coordination activities was being spent primarily for administrative costs by the Department of Education. Since the Act does not define "coordination" as it applies to the 8-percent setaside, there are no guidelines for legitimate uses of the money. Because there have been no reporting requirements for the setasides, there has been no way to determine how they were being spent. The new JTPA Semiannual Status Report (JSSR), which does call for information on uses of the 8-, 3-, and 5-percent setasides, will presumably remedy this deficiency.

The Commission therefore recommends to the Congress that future amendments to the Act define what is meant by "coordination activities," as it applies to the 8-percent setaside. We also support the recent decision to require that these funds be used for literacy training, dropout prevention, and/or school-to-work transition activities. We encourage the Department to analyze the information that it receives through the new JSSR to be certain that the 8-percent (and other) setasides are being used in a manner that is fully supportive of JTPA goals.

Ten-percent: Amendments to the Wagner-Peyser Act, contained in JTPA, require that 10 percent of the funds allotted to each State for employment service activities be reserved for use in providing performance incentives to public employment service offices and programs that meet performance standards established by the Secretary; services to groups with special needs, carried out under joint agreements with the employment service and local PICs, elected officials, and other public agencies or private non-profit organizations; and the extra costs of exemplary program models.

The Commission is aware that, in the past, program models that include relocation services for persons in areas where jobs are not plentiful have been tested in model projects associated with certain Job Service offices. **We recommend that the Department review the findings from these experiments to determine whether the results warrant application to particular localities, and, if yes, that the Department make every effort to disseminate information about successful projects and otherwise encourage their development. The Commission recommends that demonstrations or models that include such services be initiated in rural communities where dislocated farmers are having difficulty finding alternative employment.**

We also note that the Secretary is authorized under a new amendment to fund pilot projects for training people who are threatened with job loss due to technological change, international economic policies, or general economic conditions. The Commission recommends that the Department work with State/local ES offices to develop projects of this kind.

Performance Standards

Sec. 106 (f) of JTPA requires the National Commission for Employment Policy to advise the Secretary of Labor on the development of performance standards and to evaluate the usefulness of such standards as measures of desired performance and their impact (intended or otherwise) on the choice of who is served, what services are provided, and the cost of such services in service delivery areas.

The Commission worked very closely with the Department during the first two years of the program to assist in the development of national standards and the parameters for variation. We look forward to working with the Department again in the development of standards related to post-program followup information, including measures of increased employment and earnings and reductions in welfare dependency.

In addition, the Commission is undertaking research to help measure the impacts of performance standards on who is served, what services are provided, and the cost of services, as it is required to do under Sec. 106 (f) of JTPA. A preliminary answer to this question, based on a quick-turnaround analysis of available data, will be available early in 1987. A longer term research project that will delve more deeply into the issues is being considered for later in that year.

While the Commission will be reviewing the impact of performance standards on internal program decisions, the Commission notes that these standards have already had an important effect on the overall public image of JTPA, particularly in the business community, which had almost unanimously rejected the previous Federal program. By its introduction of standard performance measures such as job placements, JTPA has overcome much

of the stigma attached to publicly funded training programs for the disadvantaged. As the system has matured, simple output measures are being transformed into a sophisticated system of long-term output measures.

The performance-driven system appears to be functioning very well in most areas, although, as indicated in an earlier section, the Commission is concerned that not all States and SDAs are comfortable with the use of the Secretary's regression model or how to vary the national standards to fit their own individual local conditions so that they can serve those who need assistance without fear of failure. **We, therefore, reinforce our earlier recommendation that the Department instruct States and SDAs in the use of its regression model so that JTPA staff and PICs can make informed choices about whom they wish to serve and what services they wish to provide.**

Needs-Based Payments/Supportive Services

The Commission has reviewed the evaluation literature carefully to determine whether the Act's limitations on needs-based payments and/or supportive services have resulted in undesirable restrictions on services to the most disadvantaged. It is our considered judgment that there is ample provision for waivers in the existing legislation to permit any SDA that wishes to serve a more disadvantaged clientele to provide the needed support services and/or needs-based payments to achieve that end. **We, therefore, recommend that the Department of Labor make every effort to alert SDAs to the flexibility that already exists under the legislation for providing these services and payments to the disadvantaged when necessary. This should be done through field memoranda and/or through other technical assistance activities.**

Funding

The Act allocates Title II-A funds to the States according to a three-part formula, based on unemployment and poverty levels within each jurisdiction. Each State is guaranteed at least 90 percent of the share of funds it received in the previous fiscal year. Most (78 percent) of these funds are passed through to local service delivery areas according to the same three-part formula, but, until recently, there was no provision for a minimum allocation to each SDA. (Sec. 202(a))

However, the most recent amendments to JTPA now provide that each SDA be guaranteed at least 90 percent of the average share of funds that it received during the previous two fiscal years. *The Commission supported this amendment and believes that it will provide an element of stability previously lacking in local service delivery areas.*

Part B—Summer Youth Employment and Training Programs

The Commission is anxious that the summer youth program teach not only good work habits and occupational skills, but also make available where needed remedial education for economically disadvantaged youth who fall behind during the summer school recess. *The Commission supported the addition of basic and remedial education to the summer program in the 1986 amendments but it preferred to make these opportunities optional at the discretion of the SDA rather than mandatory in all areas. We, therefore, are pleased with the final amendment, which calls for a statement of purpose to be added to the summer program; requires SDAs to assess the reading and math skill levels of program participants and to describe in their local plans how they shall spend funds for basic and remedial education; and further requires that SDAs establish written goals and objectives for the program, such as improvements in school retention and completion, academic performance, and employability skills, and demonstrated coordination with other community service organizations. A minimal level of services is not required.*

The Commission also strongly supports the amendment that permits summer youth programs to operate within those school districts that operate on a year-round, full-time basis during vacation periods considered equivalent to summer vacation. **The Commission recommends that the Department monitor the summer programs closely to be certain that the type of job opportunity offered to young people presents them with a realistic view of the world-of-work, including strong supervision and an emphasis on time and attendance requirements. Wherever possible, model programs should be publicized for the benefit of other jurisdictions.**

Title III—Employment and Training Assistance for Dislocated Workers

The dislocated worker program, authorized by Title III of JTPA, is designed to assist workers who have been terminated or laid off from their jobs, or who have received a notice of termination, and are

unlikely to return to their previous occupation or industry, as well as the long-term unemployed with little potential for reemployment. Causes of dislocation may include plant closings, natural disasters, and the actions of the Federal Government (such as relocations of Federal facilities). Individuals who reside in areas of high unemployment or designated enterprise zones are also eligible for assistance under Title III. Seventy-five percent of the funds are distributed by formula to the States, who must match an equal amount (except that the amount required for matching is reduced by 10 percent for each 1 percent the State exceeds the average rate of unemployment for all States). Twenty-five percent of the funds are reserved for the Secretary of Labor to distribute on a discretionary basis.

The Commission is very much concerned with the plight of farmers and workers in related industries in rural communities. *We are very pleased that the law has been amended to change the definition of dislocated worker to include farmers and self-employed individuals who are unemployed as a result of general economic conditions in their community or because of natural disasters. We also support the amendment that requires the Secretary of Labor to prepare a report that would use existing data to describe the dislocation of farmers and ranchers and examine the feasibility of a national statistical data collection program for dislocated farmers and ranchers.*

The Commission will shortly be responding to a request by Congressman Steve Gunderson of Wisconsin to examine the problem of dislocated farmers. It is our intention to begin some research on the issue and to talk directly with individuals who are knowledgeable about the specific difficulties faced in rural communities so that we can provide a short-term response. **We also recommend that the Department initiate a pilot project for serving dislocated farmers as part of its new mandate (Sec. 10 of the 1986 Technical Amendments) to develop projects for training people who are threatened with job loss due to technological change, international economic policies, or general economic conditions.**

We are particularly concerned about the need for effective outreach, since many of the SJTCC chairs who attended our Mid-Western regional meeting where the problem is particularly acute, stated that farmers often resist seeking help because of pride and a very strong, in-bred sense of independence. The issue of relocation is another topic that could benefit from further research and/or demonstration efforts, and **we recommend that the Department consider these as potential research/pilot projects in the coming year. The Commission, which plans to conduct hearings and site visits in the Farm Belt in 1987, offers its assistance to the Department in developing its research related to dislocated farmers.**

In its meetings with SJTCC chairs, the Commission noted that many State Councils have established "rapid response teams" that can move quickly into areas threatened with mass layoffs and begin to coordinate statewide resources, including training available under Title III of JTPA. **The Members of the Commission applaud the work of these teams and recommend that other States consider their development if they are not already in place.**

The Commission supports the new amendment to JTPA that prohibits the Secretary of Labor from requiring States to provide matching funds in order to receive discretionary grants. It is our feeling that the prohibition will make it easier for States that wish to apply for these grants. **We also recommend that the Department of Labor provide technical assistance to interested States on application procedures for discretionary grants, since we are informed that not all States are familiar with the process and some have not applied because of that lack of familiarity.**

The latter recommendation responds to the Commission's general concern that Title III funds have not been expended at the levels provided by the Congress, leading to a major rescission of funds in PY 1985. Speculation about the reasons for this lack of expenditure has resulted in no clear-cut explanation. **We, therefore, recommend that the Congress request a GAO report on the reasons for the shortfall in expenditures to determine what needs to be done to ensure that those who require assistance receive it in a timely and useful manner.**

Concerning matching grants for the regular Title III allocations, based on findings from the GAO report suggested above, we recommend that the Congress give serious consideration to removing the matching requirement altogether or requiring an all-cash match. In most cases, States offer an in-kind match that includes OJT wages, a portion of UI benefits, office space, or other nonmonetary contributions, but this does not generate any additional program resources. Moreover, reliance on UI benefits as a match may have the effect of screening out those recipients of UI who have

exhausted or nearly exhausted their benefits before applying for assistance under Title III. In addition, a national evaluation of the program conducted for the Department of Labor noted that some contractors withdrew proposals when they were informed of the paperwork requirements associated with the match. Based on these findings, the Commission is concerned that a 100-percent matching requirement for these funds may not have resulted in enough added benefits for the program to warrant its continuation. **We recommend that the effect of the requirement be reviewed by the General Accounting Office to determine whether it should be removed, as it was for the Secretary's discretionary grants, or changed to an all-cash match.**

The Commission understands that many of the areas hardest hit by plant closures or farm problems have great difficulty generating enough jobs for JTPA trainees. **We recommend that activities be inititated to bring about economic development for these areas, including entrepreneurship training, cooperative ventures, and other measures designed to develop businesses in the affected areas. Again, we urge States to consider linkages of JTPA with other Federal agency programs that could result in increased job development.**

The DOL-funded evaluation of Title III noted that holding funds at the State level had the effect of cutting down on their use. **We recommend that the Department urge the States to distribute Title III funds quickly in order to be sure that they are available for local projects.** We believe that this might have the effect of cutting down on the carryover that led to the rescissions of funds early in the program.

Program evaluators have noted that many participants in Title III programs seek immediate employment rather than training, and that some participants turn down training for occupations that do not pay as much as their former jobs. We are sympathetic to the feelings of workers who find themselves suddenly unemployed and want to move on quickly to other jobs at the same or better pay, but we also believe that realistic vocational counseling can be of benefit to these individuals. **The Commission therefore recommends that the Department of Labor and the States consider vocational counseling an important component in deciding which Title III projects to fund.**

Finally, with regard to the definition of dislocated workers, we support the amendment that encourages States to consider serving individuals who had worked in the State before lay-off but reside outside of it. The Commission believes that this will provide a means to assist individuals in a single labor market area who have been affected by lay-offs but who might not otherwise receive services.

Title IV—Federally Administered Programs

Indian and Native American Programs

The Commission is aware that programs for Indians and Alaskan and Hawaiian Native Americans are difficult for the Department of Labor to monitor because of the extreme diversity among tribes in terms of both culture and economic well-being. For these and other reasons, training programs have often been left to tribal governments with very little support or guidance from the Federal level. A separate problem that the Department must face is how to identify and provide services to nonreservation Indians.

The Commission, which will be visiting some reservation areas in the year ahead, is very aware that Indians and Native Americans—particularly those who live on isolated reservations—have become truly "Forgotten Americans" despite the fact that unemployment on some reservations may be as high as 80 or 90 percent. The Commission understands that training programs per se cannot be very effective in areas in which private sector employment is virtually nonexistent and even public sector jobs are limited. The Commission is also aware that nonreservation Indians pose another difficulty, since they are often lost in ghetto areas with few ties to a given locality.

Nevertheless, because of our special concern for Native Americans and the knowledge that their unemployment problems are so severe, Members of the Commission strongly urge the Department of Labor to focus greater attention on these programs during the next year. We further recommend that the Department consult with the Department of Interior and other relevant agencies to determine what kinds of employment-generating activities could be developed to increase employment on the reservations. We also recommend that some evaluation of the current programs be conducted to determine what can be done to improve their success rate. (We are aware of only one recent evaluation whose findings are yet to be released.)

Migrant and Seasonal Farmworker Programs

Because of limited funding levels, the Department of Labor is restricted in the level of services that it can provide to migrant and seasonal farmworkers under JTPA. *We have no specific recommendations concerning the programs currently offered.* Nevertheless, **the Commission is interested in the impact that the new immigration law will have on migrants and seasonal farmworkers, and we recommend that the Department consider this as a possible research topic**. The Commission has recently completed a review of available literature on illegal immigrants and refugees, and we offer the assistance of the Commission's own staff to the Department in developing a research agenda on this topic.

The Job Corps

Job Corps, which has been in existence since 1964, has been at the center of controversy for as many years. The program was established to provide intensive employment and training and educational services to severely disadvantaged youth between the ages of 16 and 21. About 60,000 youth receive training in the program each year, at least 90 percent of them in 106 residential centers located in 42 States, the District of Columbia, and Puerto Rico.

The Job Corps has been the subject of intensive study and evaluation over the last 22 years, including a very recent review by the General Accounting Office in response to a request from Senator Orrin G. Hatch of Utah. Evaluators are in general agreement that the program is cost effective, with a small, but positive benefit-cost ratio.

The Commission believes that the Job Corps program can be very effective in assisting young people who are severely disadvantaged. At the same time, we acknowledge that the program is expensive, that the funds that are spent on it could buy many more "slots" in a less costly program, and that some of the centers appear to be less efficiently run than others. *Having considered all of this information, the Commission defers any specific recommendations about the Job Corps until after its work on youth-at-risk is complete and it has developed its own concept of a national youth strategy for the year 2000.*

Veterans' Programs

The Commission recognizes that veterans, particularly those who have become disabled in the service of their country, deserve special assistance under Federal programs such as JTPA. *We, therefore, support the series of amendments that mention veterans in various parts of JTPA, including permitting private industry councils to request waivers of the Act's limitations on support service costs if necessary to serve disabled veterans, requiring coordination of statewide activities with Veterans' Administration programs, and adding organizations that serve disabled veterans to the definition of community-based organizations.*

National Activities

1. Research and Demonstration

The Commission has made several recommendations for research in earlier sections. **To reiterate, we recommend that the Department conduct studies on dislocated farmers, Indians, youth-at-risk, and the effect of the 6 percent incentive grants on JTPA programs. We would also recommend wide dissemination of the results from an ongoing, joint DOL/HHS study of model programs for older workers funded by the 3-percent setaside.**

2. Pilot Projects

The Commission supports the amendment that authorizes the Secretary to fund pilot projects for training people who are threatened with job loss due to technological change, international economic policies, or general economic conditions. **We suggest that the Department consider funding projects of this kind for displaced farmers, especially projects with a strong outreach component or with relocation built in. We also recommend that the Department develop pilot projects especially designed for disadvantaged people with complex problems to determine what mix of services or intervention strategies might be most successful. The Commission would especially like to see some pre-training activities for adolescent parents that would offer reading skills and other basics.**

3. Evaluation

The Department has funded a number of evaluations of JTPA, including a nationwide process study and recently a very large and expensive set of classical experiments to learn more about participants and participant outcomes over time. The Commission is fulfilling its own mandates to evaluate JTPA, including the impact of performance standards. *We suggest that the Commission, the Department, and other JTPA evaluators*

work more closely to coordinate our respective efforts so that jointly we can provide the President and the Congress with the information that is needed for proper oversight.

4. Training and Technical Assistance

The Commission noted in earlier sections that the Department of Labor has not provided preservice and inservice training for personnel involved in the administration of JTPA at the State and service delivery area levels, as the Act requires. Similarly, many States and SDAs could benefit from more assistance in understanding performance standards and how to develop variations that apply to local conditions. As the program matures and as more program audits are conducted, there will be an even greater need for this kind of training and technical assistance. **The Commission, therefore, recommends that the Department offer more technical assistance and consider establishing training offices at the State level to assist service delivery staff and program managers. In States that already have training institutes in operation, the Department might offer to pay for some training staff to fulfill its obligation under the Act.**

Labor Market Information

The 1986 Amendments to JTPA require the Secretary to prepare a report describing the extent of dislocation among farmers and ranchers and examining the feasibility of a national statistical data collection program for this group. *The Commission supports this amendment, and will share with the Department our own findings from research we are about to undertake on this topic.*

In addition, we urge the Department to develop and make available to States and localities as much labor market information as possible. Our discussions with State and local administrators indicate that accurate information of this kind is difficult and expensive to obtain, so many areas cannot plan as well as they might if they had access to accurate LMI.

A special case to which we wish to draw the attention of the Department is Puerto Rico. The Commission funded a case study of JTPA implementation in the Commonwealth and visited the island early in 1986. One of our findings was that Puerto Rico is not included in the Current Population Survey or the Area Wage Surveys conducted by the Bureau of Labor Statistics. To secure what is badly needed information on labor demand and training needs, the State Council in Puerto Rico is planning, together with the Balance-of-State SDA, to carry out a comprehensive labor market survey with the advice of the Puerto Rico Occupational Information Coordinating Committee (PROICC). PROICC is also planning an automated labor supply and demand information system to begin operation in PY 1987. **We urge the Department of Labor to offer whatever assistance it can provide in conducting the survey and developing the automated system.**

JTPA Implementation in Puerto Rico

As noted above, the Commission conducted site visits in Puerto Rico during 1986 and funded a case study of JTPA implementation in the Commonwealth, which was completed in August of that same year. Findings from the study and our site visits confirmed that Puerto Rico is unique in most respects and that it has some very serious problems inherent in its political and economic structure, which make implementation very difficult. The evaluators concluded that JTPA in Puerto Rico is now at the point where States were at the end of the Transition Period and that much needs to be done before the program has matured enough to function well, despite some earnest efforts on the part of JTPA administrators on the island.

The most serious difficulties faced by those responsible for JTPA implementation are economic. In a jurisdiction where one-third of the GNP derives from Federal programs and the unemployment rate exceeds 20 percent, the key issue is economic development. The Commission does *not* agree with the suggestion made by some JTPA administrators that Puerto Rico should be granted a waiver to provide public service employment as an allowable activity. It does applaud the efforts that we saw being made to foster small businesses such as the sale of herbs, the manufacture of jewelry, and tourist services. **We would urge the Department of Labor to work with the Commonwealth to help promote these kinds of efforts and we suggest that DOL involve other agencies to promote economic development. We would also encourage the private industry councils to be aggressive in seeking out representatives from the larger companies that have branches on the island since they might be able to assist in training and placement.**

Concerning performance standards, Commission evaluators suggested that the unemployment rates in Puerto Rico are so severe that they might

be outside the forecast range of the Department of Labor's performance standards model, and that the resulting predicted standards may be unrealistic for the Commonwealth's labor market. We understand that Puerto Rico is generally able to meet its youth standards but not its adult standards (the reverse of many States). **We recommend that the Department of Labor consider granting a special waiver or otherwise modifying the adult standards as they apply to Puerto Rico, since it is unlikely under current economic conditions that they can be met, even when the Department's model for variation is applied. The Commission believes that by doing this in a way that makes it possible for Puerto Rico to succeed rather than continually fail, there will be an incentive to work harder at achieving the goals of the Act.**

Finally, we recommend that OJT contracts be carefully reviewed by PICs and JTPA administrators, since we saw very wide variations in the quality of training provided to OJT participants. Because of the exceptionally high rate of unemployment in Puerto Rico, administrators are undoubtedly strongly inclined to fund OJT projects, wherever they can be found. Nevertheless, **the Commission recommends that greater care be taken by JTPA administrators in Puerto Rico to determine which are the better training opportunities. We also recommend that the Department of Labor work with these administrators to provide whatever assistance they need to develop a more successful program under extremely difficult circumstances.**

Recommendations on Trade Adjustment Assistance

At the June 1986 meeting, the Commissioners requested that the staff provide some background information on and analysis of the Trade Adjustment Assistance program as part of their study of worker adjustment options. A paper prepared for the October 1986 meeting was subsequently issued as the first of the Commission's new monograph series. (*Trade Adjustment Assistance: Part of the Solution or Part of the Problem*, by Stephen E. Baldwin, is summarized in Appendix A.)

The following recommendations were discussed and adopted in their present form at the Commission's March 1987 meeting in San Antonio. Letters containing the recommendations were sent to congressional and administration policymakers in April 1987.

Recommendations

The National Commission for Employment Policy believes that the Trade Adjustment Assistance program (TAA) has not fulfilled its potential. The Commission believes that adjustment assistance is preferable to protectionism, but that the cash benefits, which were the only aid for most TAA recipients, did not have the desired effect of helping workers find new jobs.

The Commission believes that adverse impacts of trade on employment cannot be viewed or treated in isolation. Dislocation can be reduced if firms provide more stable levels of employment, which is likely to require greater capability and willingness to be retrained on the part of workers. The Commission reaffirms its support for programs directed to dislocated workers in particular areas, industries and occupations while at the same time endorsing continued efforts to improve trade relations under the General Agreement on Tariffs and Trade.

The Commission welcomes the recent introduction of various proposals directed at worker adjustment assistance. Some of these proposals call for integration of TAA into Title III of the Job Training Partnership Act or into a new Dislocated Worker Unit in the Department of Labor. The Commission believes that the already functioning structure of JTPA Title III is the preferable delivery mechanism for adjustment services. TAA cash benefits can be an important support mechanism for aiding those adversely affected by freer trade.

If TAA is retained as a separate program, issues of coordination and eligibility will need to be resolved between it, programs funded under Title III or any new legislation. The Commission believes that coordination between TAA and JTPA programs will be essential if the job search training already mandated for TAA recipients is to be effectively delivered.

The Commission recommends to the President and the Congress that demonstration programs be undertaken to test the effects of alternate methods of compensation on displaced workers' willingness and ability to find new jobs.

Finally, the Commission reaffirms its general recommendation that employment and training policies should be both preventive and remedial. A program such as Trade Adjustment Assistance is a reaction to the effects of reduced U.S. competitiveness. Research funded by the Commission and by other groups also emphasizes the need to focus resources "up front"—to enhance the adapt-

ability of American workers and their employers before a crisis emerges. The Commission pledges to continue to work with representatives of schools, workers, firms and public agencies to expand and improve such programs.

Policy Statement on the Administration's AFDC Youth Proposal

At the May 1986 meeting, the Commission decided to undertake a major project on youth-at-risk, focusing especially on education and the transition from school to work. As part of the project, the Commissioners adopted the Administration's AFDC Youth Proposal at the March 1987 meeting in San Antonio. Letters containing the statement were sent to congressional and administration policymakers in April 1987.

Statement

The Administration's AFDC Youth proposal reflects two of the Commission's long-standing recommendations: that Federal funds be targeted on those individuals and groups least equipped to cope with the changing workplace on their own and that employment and training programs place a high priority on basic academic skills. While we have a number of suggestions for strengthening the proposal, we applaud the Department of Labor for its efforts to facilitate in-depth JTPA services, specifically including remedial education, for the hard-to-employ.

We urge the Department and the Congress to consider a number of technical programmatic changes that could strengthen the proposal:

- The Commission questions whether the program should be tied to the summer jobs program rather than Title II-A services for the economically disadvantaged. An amendment permitting dual enrollment in Title II-A and Title II-B would allow for the year-round program services at the heart of the proposal. Moreover, the Summer Youth Employment Program has recently been amended to require the provision of remedial education in the summer. The Commission strongly endorses those amendments and recognizes the difficulties in implementing them. The Commission urges the Department of Labor to mount an intensive information and technical assistance effort to assist service delivery areas and private industry councils to address the issues and practical difficulties of adding remediation components to the summer jobs program.
- Performance standards for the Summer Youth Employment Program are technically difficult to apply. The Commission recommends that the Department focus its efforts on designing Title II-A standards that reward efforts to attain one of the title's explicit goals: reductions in welfare dependency.

Policy Statement on Worker Adjustment

During 1986-87, the Administration and the Congress considered a number of proposals concerned with programs for displaced workers. The Commission has been pleased to contribute to this debate through its sponsored research, testimony, and briefings. Staff assistance was also rendered to the Secretary of Labor's Task Force on Economic Adjustment and Worker Dislocation, which submitted its report in December 1986.

The following statement on worker adjustment was discussed and adopted at the Commission's March 1987 meeting in San Antonio. Letters containing the recommendations were sent to congressional and administration policymakers in April 1987.

Statement

The National Commission for Employment Policy welcomes legislative action to facilitate American workers' adjustment to changes in the workplace brought about by international competition, new technology, and other economic changes. The Commission believes that Title III of the Job Training Partnership Act, with relatively minor changes, is the appropriate vehicle for adjustment services to workers, which may include job search assistance, education, training, support services, relocation assistance, and a variety of other options suited to individual needs. Although we support adequate funding for this activity, we are concerned that any additional funding, without technical assistance and a better understanding of why current Title III funds are underutilized, may not produce the desired result of adequately assisting dislocated workers. The Federal government must

aggressively assist states and service delivery areas with research, demonstration projects and an extensive information and technical assistance campaign on effective program designs.

Effective programs need to be tailored to the circumstances of specific situations, but the Commission finds that there are some principles applicable to almost all cases. Assistance for displaced workers is most effective when:

- Firms provide affected workers, and the organizations which can assist them, as much voluntary advance notice as possible of closures or mass layoffs.
- Job search assistance and other support are provided in the work setting before the actual layoff or closing.
- Active cooperation with unions, where present, is an integral part of this process.
- There is coordination of private and public displaced worker programs with programs providing unemployment insurance, job search, adult and vocational education and other assistance.
- Workers are offered a range of options, since people differ in their needs for immediate income, their desire or ability to take training, and their willingness to relocate.
- Prospects for recall or transfer are communicated realistically.
- Governments at all levels support and facilitate adjustments to new situations, even though the ultimate responsibility is with firms and employees.

Title III of the Job Training Partnership Act provides an effective basis for a renewed national commitment to dislocated workers:

- Retain the flexible Title III eligibility criteria, specifically including self-employed individuals such as farmers and avoiding time-consuming determinations about the cause of workers' unemployment.
- Eliminate program matching requirements. The Commission's study of JTPA found that the effects of the matching requirements are either negative or neutral.
- Require states to establish a rapid response mechanism for major plant closings and mass lay-offs, but allow great flexibility in the design of the system.
- Require states to establish an on-going capability to assist dislocated workers statewide by allocating a portion of the funds directly to service delivery areas and marketing the program aggressively.
- Integrate TAA services, but not payments to workers, into Title III.

Finally, for the long term, the Commission recommends that the Administration and the Congress review the operation of the unemployment insurance system for factors that may tend to discourage worker adjustment and continue to experiment with program designs that encourage retraining and other early interventions with potentially long-term unemployment insurance recipients.

Part II

COMMISSION ACTIVITIES

July 1, 1986, through June 30, 1987

The Job Training Partnership Act

The Job Training Partnership Act (JTPA) authorizes the National Commission for Employment Policy (NCEP) and provides some very specific assignments for evaluating programs funded under that Act and for helping to develop and then evaluate performance standards. Accordingly, much of the Commission's activity over the past program year (July 1986 through June 1987) has focused on these two related activities.

JTPA Report

To meet its broad mandate for evaluating JTPA programs under Sec. 473(3) of the Act, Chairman McDonald asked the Commission to prepare a summary JTPA report, examining programs for both economically disadvantaged and displaced workers. The report is based on an analysis of findings from many sources, including nationwide evaluations of JTPA, Commission site visits, meetings, hearings, sponsored research, management information published by the U.S. Department of Labor, and State annual reports. It is intended to assist legislators, policymakers, JTPA administrators at State and local levels, and researchers in the fields of employment and training.

Dr. Janet Johnston from the Commission staff was assigned the task of producing the report. She spent most of Program Year 1986 gathering information about the implementation of all JTPA programs for economically disadvantaged and displaced workers and summarizing the results. A draft of the report was completed in October 1986 for Commission review. A "JTPA Policy Statement" and "Conclusions and Recommendations" were approved by the Commission Members at that meeting and subsequently distributed within the employment and training community. (This annual report contains those statements in Part I.)

In its policy statement on JTPA, the Commission concludes that, "with minor exceptions, JTPA is working well and is meeting its legislative mandates." It applauds "the vigorous public-private partnerships that have emerged at the local community level" and growing evidence of State leadership in implementing the Act. Although NCEP recommends specific actions to increase assistance to the hard-to-serve, the Commission nonetheless concludes that overall "JTPA is helping people in need of its services and making a significant difference in their lives."

The final printing was delayed as more material was added, including primarily a lengthy statistical appendix, which provided data on funding (national and State), program activities, participant characteristics, performance standards, and an extensive bibliography of JTPA-related sources. The full 240-page report was released on Labor Day, September 7, 1987, and was widely distributed to the employment and training communities.

Performance Standards

Sec. 106(f) of JTPA requires the Commission to advise the Secretary in the development of performance standards; to evaluate the usefulness of these standards; and to evaluate the impacts of such standards (intended or otherwise) on the choice of who is served, what services are provided, and what such services cost in service delivery areas.

Commission staff began to prepare for a comprehensive nationwide evaluation of the impact of performance standards in spring 1986. A Request for Proposal (RFP) was drafted and published in March, and proposals were due in April. Following independent technical and budget reviews of

the proposals, the Commission awarded the contract at the end of May. The evaluation, which will focus on the three specific areas outlined in the legislation, is now fully under way and is expected to take approximately a year.

After reviewing the findings from this study, the Commission hopes to be able to say with some certitude what impact performance standards have had on JTPA programs, particularly on the issue of who is served, which has received much attention. Since anecdotal information has been the main source of criticism, the study is expected to provide more credible information for discussion, based on careful analysis of characteristic data and interviews with State and local JTPA administrators.

Performance standards are reputed to have a major influence in the selection of participants and the service provided. Critics of JTPA have indicated that the focus on performance has led to "creaming," the selection of the easiest to serve at the expense of those most in need of service.

The Commission expects to use the information from this and other, shorter term studies as the basis for its work with the Department of Labor in developing postprogram and welfare-reduction performance measures. The Commission worked closely with the Department of Labor in the past to develop program performance measures. Work will begin shortly on the development of new measures and parameters, and the Commission plans on participating fully in these discussions and decisions, as the law requires.

In addition to the major study of performance standards begun in Program Year 1986, the Commission decided to focus resources and attention on a number of areas related to this important innovation in public policy management. During the program year, the Commission planned for contracted research to complement this major study. The studies listed below were undertaken, and policy papers expected to be available in Program Year 1987.

Performance Management and the Hard-To-Serve

The Commission approved the award of a small contract to produce a policy paper aimed at State and local policymakers and designed to focus on ways the JTPA performance management system (that is, performance standards, adjustments to standards, and performance incentives that reward good performance) can be used to encourage service to individuals who face major labor market problems. It has become increasingly clear that one policy tool to increase service to individuals most in need is the performance management system. The paper will include practitioners' views and practices currently in use and will offer some suggestions for the policy choices available to States and Private Industry Councils (PICs) to increase such service.

Using Performance-Based Contracting To Encourage Service to the Hard-To-Serve in JTPA

The use of performance-based contracting (contracting where payment to the contractor is contingent on achieving specific elements of performance) has increased dramatically in JTPA with the provisions of 20 CFR 629.38(e)(2) of the Act, which allows costs to be be billed as a single unit to the training cost category under certain conditions. Since client training is most frequently provided under contracts with various vendors, the result of using this contracting mechanism has an enormous effect on who is served and what type of service is provided.

The Commission has awarded a small contract to produce a practitioner's guide to discuss ways this contracting mechanism can encourage service to a variety of individuals, including the so-called hard-to-serve individuals, who may be in special need of service, often intensive long-term service. The guide will offer practical suggestions for ways to balance good performance with service to the special needs of these individuals.

Cross-Cutting Issues in Performance Management of Human Resource Programs

Better management of human resource programs continues to be an important issue in public policy. The Job Training Partnership Act has taken the lead in implementing programmatic performance standards as a major management tool. Decisions on the performance measures selected, the procedures for setting numerical standards, and the rewards (or lack of rewards) associated with achievement are similar across programs. Late in Program Year 1986, the Commission awarded a small contract to look at the similarity of these issues in other human resource programs, including employment and training components of welfare programs, vocational education, and the labor exchange pro-

gram (the Employment Service). A paper will be available in the last half of Program Year 1987.

JTPA Participation Study

In relation to the study on the impact of performance standards, Westat, Inc., received a small grant to analyze the existing JTPA characteristics data in more detail than previously. The objective of the study was to determine whether there were obvious conclusions that could be drawn about whether subgroups targeted for services under the Act were receiving services relative to their incidence in the eligible population. Although earlier findings seem to indicate that participants in JTPA differ very little from participants in prior programs on most measures of employment disability, no definitive statements about equitable service patterns could be made without more detailed participant information and analysis.

This study discusses the provisions of the Act that relate to who should be served (that is, targeting), analyzes factors that affect the decisions of persons eligible to participate in JTPA programs and those of PICs to select whom they serve, and presents data on those from the eligible population who are being served. Specifically, this study examines service patterns to the mandated target groups and substantial segments to determine whether the requirements of the Act relating to who should be served are being met.

To answer these critical questions on selection of participants, this research offers a perspective on defining the phrase "those who can benefit from and who are most in need" that is at the center of the debate on "creaming." This perspective argues the importance of labor force attachment (that is, employed, unemployed, and not in the labor force) when analyzing participation patterns. Using Bureau of Labor Statistics (BLS) definitions, an "unemployed" individual is one who is looking and available for work, but is currently not working. This view is significant because it culls out those JTPA-eligible individuals who have little interest in participating in JTPA programs (that is, eligible participants who are already employed or who are not in the labor force) and concentrates on those in the eligible population who might best be described as "job oriented."

While this research recognized that some eligible persons outside the unemployed eligible population need JTPA program assistance, the major focus for JTPA programs is the unemployed eligible population. This partly reflects the type of individual who will seek JTPA services. For the most part, those not interested in employment (because they already have jobs or are not interested in employment) are not likely candidates for JTPA programs. And with limited resources and restriction on stipends (and other participant support costs), the PICs and local administrative entities are designing programs that are directed to the job-oriented client.

Study To Determine How Computer-Based Equipment Is Used Within the JTPA System

In Program Year 1986, preparation was begun for awarding a contract to examine the computer and computer-related technology in management and the delivery of services in the JTPA system. An RFP was developed and published, with responses due in August 1987. The final report will review the current use of this technology and the prospects for continued or improved use over the next 5 years. The final report is due in May 1988.

Assessment of Youth in JTPA

Increasing attention has been focused on the importance of improving basic skills of the work force in preparation for successful employment. Amendments to JTPA in October 1986 mandated the assessment of youth in the summer employment program. Statements by the Secretary of Labor and other major officials have highlighted the importance of basic reading and mathematical skills for all portions of the work force. JTPA programs have increasingly responded to the challenge of providing basic skills to those individuals—both adults and youth—for whom the lack of basic skills is a major barrier to employment. To provide assistance to the JTPA community, the Commission contracted for preparation of a practitioner's guide to assessment of youth. This technical assistance effort provides the first guidance to JTPA practitioners on this timely topic. The guide is due to be available in March 1988.

Displaced Farmers

At the request of Congressman Steve Gunderson (R-WI) and in accordance with the NCEP's own concern for the plight of displaced farmers through-

out the Nation, the Commission authorized a study of the problem to begin early in Program Year 1987. In 1986, the staff prepared an outline for two studies that would focus on a further definition of the problem (for example: How many farmers can be defined as displaced? Where are they located?) and a summary of the programs that already exist for serving the needs of this group. After a limited competition, work began on both projects in July 1987, with results expected at the end of November. In addition, working with Congressman Gunderson, the Commission arranged to hold a hearing and site visit in Wisconsin on September 24 and 25, 1987, to further examine the issues of displaced farmers. In addition to the Commission's work group (including Chairman McDonald and Commissioners John Gartland, Frank McDonald, Leora Day, and Wayne Roberts), Congressman Gunderson attended the hearings and site visits.

Project Literacy U.S.

In June 1986 the Commission made a grant to Project Literacy U.S. (PLUS), an initiative of the American Broadcasting Company and the Public Broadcasting Service. The objective of PLUS is to increase awareness of the problem of illiteracy in the United States and to stimulate local volunteer efforts to assist illiterate persons to become readers. The purpose of the NCEP 1986 grant was to partially support an operations manual for local groups being organized under the PLUS umbrella. JoAnn P. Bitney, a reading specialist then on the Commission's staff, assisted in writing and editing the manual.

Two chapters of the manual—"Beginning A Literacy Program" and "Literacy: The Challenge to Business"—were subsequently printed and distributed to employment and training audiences. Following the initial distribution of these publications, the Commission received a large number of requests for additional copies from Federal agencies and private organizations.

Broadening Future Employment Options for Disadvantaged Youth

This project will seek ways to broaden the education and employment options available to educationally and economically disadvantaged young people and to increase their awareness of those options by assisting them before they reach the transition period between school and work. It will focus on ways to raise the basic skill levels of young people aged 9 to 15 (roughly grades 4 to 10), critical years in the education process. In the context of this project, "raising skills" includes improving young people's basic education, knowledge of the demands of the workplace, and awareness of alternative occupations and their educational requirements.

To achieve the goal of broadening these youths' options, the project must examine many facets of young people's lives—their family situations, the neighborhoods in which they live, the schools they attend, and the educational demands placed on them by schools. Achieving this goal also requires the involvement of many groups—young people, parents, educators, employment and training practitioners, policymakers, and the business community.

The more immediate purpose of the project is to bridge the worlds of these various groups to enhance their awareness of the origins of youths' education and training difficulties and to achieve better coordination in policies and programs designed to serve young people. Special emphasis will be on coordination between the education system and JTPA.

The project will result in findings and recommendations on ways to improve employment and training practitioners' strategies for upgrading youths' skills and on ways to identify and assist those children likely to experience transition-period problems before reaching the age when the potential problems become real barriers to employment.

Older Workers

Interest in the Commission's findings and recommendations with respect to older Americans and national employment policy continued during the program year. The Commission's Ninth Annual Report, *Older Workers: Prospects, Problems and Policies*, continues to receive widespread distribution. The Commission's findings were reported in articles in numerous newspapers, including the *New York Times* and other publications with nationwide readership such as the *National Journal*.

To help the private and public sectors meet the needs of older workers, the Commission continued to distribute reports and participate in national and regional meetings. Two reports in particular continue to be in high demand: *Older Worker Employment Comes of Age: Practice and Potential* and *A Practitioner's Guide to Training Older Workers*.

Work/Welfare

Commission work in this timely topic area began with a staff briefing paper prepared for the October 1986 Commission meeting and culminated with approval of an RFP. The Commission's Work/Welfare project will focus on the role of performance standards in providing employment and training services to AFDC welfare recipients.

There has been substantial legislative activity in Congress on work/welfare legislation. The approved RFP, "Evaluating the Potential Impact of the Job Training Partnership Act and Other Employment and Training Programs on Welfare Recipients," will be useful both for fine-tuning legislation and, more important, for helping States and the Nation to implement programs that will successfully move people from the welfare rolls to payrolls.

JTPA programs, workfare, and other employment and training services for welfare recipients can increase the likelihood of movement from welfare to work. The RFP will solicit program- and policy-relevant research to enable the Commission to provide the Congress, the President, and program operators with information and recommendations about how employment and training programs can best increase the employment and earnings of welfare recipients.

The RFP has two parts. Part I solicits guidance about the performance standards that should be established in the programs. Part II deals with issues that are raised because many of the new work/welfare programs under consideration by the Congress focus on potential long-term welfare recipients, including women with children between the ages of 3 and 6, and women with children under the age of 3. The Commission is interested in obtaining a study of the probable effects of employment and training programs on these groups.

The Commission distributed as part of its Research Report series "A Study of Performance Measures and Subgroup Impacts in Three Welfare Employment Programs" by Daniel Friedlander and David Long of the Manpower Demonstration Research Corporation (MDRC). The study is the final product of a grant to MDRC from the Commission and the U.S. Department of Health and Human Services.

The study is based on data collected in MDRC's continuing Demonstration of State Work/Welfare Inititatives Project, specifically the welfare employment initiatives in San Diego, Baltimore, and several counties in Virginia. While the researchers caution against generalizing their results to work/welfare programs across the Nation, they conclude the following:

- The results "suggest not serving only the most job-ready but rather serving a broad range of the caseload, with differential rewards or monitoring structures. They do not yet confirm exclusive targeting."
- The distinction between "outcomes" (the employment or welfare status of a person at a specified point after program enrollment) and "impacts" (changes in outcomes produced by a program during that period) implies that performance standards such as placement rates may not be adequate to achieve stated employment-program goals.

The U.S. Department of Health and Human Services has funded a second phase of the study. MDRC will validate the initial results by examining data from additional sites.

U.S. Employment in an International Economy

Work continued during Program Year 1986 on this project with the completion of three contracted research studies and the draft of the Commission's report and recommendations. The report and recommendations are expected to be approved for issuance by the end of Program Year 1987. The following contract research studies were completed during Program Year 1986; they are summarized in Appendix A.

- *A Study of the Effects of Exchange Rate Fluctuations on the Sales and Employment Prospects of Selected U.S. Industries*, by Clark Chandler *et al.*, Economic Consulting Services, May 1987.
- *LAYER CAKE: The Foreign-Born and Atlanta's Labor Market*, by David S. North and Posze Thao, New TransCentury Foundation, May 1987.

- *Recent Immigration to New York: Labor Market and Social Policy Issues*, by Demetrios Papademetriou and Thomas Muller, Population Associates International, May 1987.

Outreach 1986: Hearings, Site Visits, and Regional State Job Training Coordinating Council Meetings

To learn more about employment problems and local strategies for solving the problems, the Commission held two hearings, visited several employment and training sites around the country, and sponsored four regional SJTCC meetings. The hearing topics included JTPA implementation, trade and tourism issues, and veterans' employment concerns. The focus of the regional SJTCC meetings was on how the JTPA programs were operating nationwide. Another goal of the Commission in undertaking these activities was to provide to the local communities information about its own work on issues related to these topics.

Hearing on Trade, Tourism, and Training

January 8, 1987
New Orleans, Louisiana

This hearing focused on the impact of trade, tourism, and training on the unemployment situation in Louisiana. Representatives from Louisiana's private sector, State and local government officials, and experts in the trade and tourism industries testified as to their experiences with JTPA and employment opportunities. In opening remarks before the Commission, the mayor of New Orleans, Sidney Barthelemy, discussed the economic situation in New Orleans and presented an overview of the effectiveness of their local training and employment programs.

Members of the Trade Panel included Jerome Medicus, Assistant Secretary of Commerce, who presented remarks about the State's role in promoting employment opportunities. He suggested that the Commission consider recommending that Federal funds be put into high unemployment areas by providing Federal Government contracts to small firms in economically depressed areas. He noted that this "redistribution" of Federal dollars would help reduce employment in Louisiana. He was joined by Harvey Koch, past president of the World Trade Center in New Orleans and chairman of the Louisiana District Export Council, who discussed the importance of international competitiveness in providing a sound economic base for Louisiana.

Members of the Tourism Panel included Bob LeBlanc, Assistant Secretary for Tourism, who noted the large economic impact of the travel and tourism industry on the State's revenues. He encouraged the Commission to look further into the impact of this industry on the economy nationwide, especially when looking at issues related to employment. He was joined by two panelists who represented the hotel and convention segments of the travel and tourism industry. They discussed the type of careers and training available, as well as the fact that tourism represented a major industry that could absorb a large number of disadvantaged and unemployed individuals in a short period of time.

The State and Local JTPA Panel provided background about the employment difficulties facing the depressed economic outlook for Louisiana. Dr. Rodolfo Aguilar, chairman of the SJTCC, stated that job development, rather than job training, is now the challenge faced by his council. He was joined by panelists who represented the State JTPA office, the local PIC of New Orleans, and the SDA of Baton Rouge. They discussed the implementation of JTPA in Louisiana and various ways to meet performance standards.

Prior to the hearing, the Commissioners participated in a tour of the city conducted by the New Orleans Tourist and Convention Bureau. A major portion of the tour focused on the harbor area, and the Commissioners were briefed on the operations and facilities of the Port of New Orleans. A site visit to the New Orleans Skills Training Center allowed the Commissioners to view JTPA training classes, and a stop at the World Trade Center provided the Commissioners valuable information about global trading functions.

Hearing on Veterans' Employment

March 13, 1987
San Antonio, Texas

This hearing focused on the various employment and training programs available to veterans and the way these programs work with JTPA. In general, the panelists presented information about the current capacity for serving veterans and suggested that more money was needed for veterans' training programs and that a veterans' preference provision should be required under JTPA.

The panel was moderated by Hank Dorantes, Assistant State Director for Texas, Veterans Employment and Training Service (VETS), U.S. Department of Labor. He explained that it was a unique opportunity to have the Commission in San Antonio with the representatives from the National, regional, and State VETS offices, and he then introduced the directors of these offices.

Donald Shasteen, Assistant Secretary of Labor, VETS, described the background and functions of the Veterans Employment and Training Service from the national level and the funding for the programs. He discussed how VETS works with Title IV-C of JTPA and with the Employment Service (ES). William Hazelwood, regional director of VETS, mentioned some model programs for homeless veterans and expressed the hope that JTPA programs would work more closely with veterans. James Cornett, State director for Texas VETS, stated that JTPA gives no special preference to veterans and hoped that this issue could be addressed in the legislation.

Mr. Dorantes described the difficult economic problems in the area for which he is responsible and stated that veterans need help from private industry. Representatives from the San Antonio area described their local programs, including the American GI-Forum, the Noncommissioned Officers Association, and Youth Service USA.

The Commissioners also heard testimony from two gentlemen from Laredo, Texas, about the economic situation in the border towns. Homero Martinez, a retired accountant from an oil company, presented statistics on the unemployment situation and discussed the impact of the oil crisis and the immigration problem on the border towns. Dr. Jacinto Juarez, dean of institutional development at Laredo Junior College, noted that Laredo does need more economic development for training. He described a major effort under way to improve the land and farming around Laredo by the use of drip irrigation.

Following the hearing, the Commissioners participated in site visits to four JTPA-funded programs: San Antonio 70,001, SER—Jobs for Progress, San Antonio Neighborhood Youth Organization; and Bexar County Women's Center. The directors of each of these agencies briefed the Commissioners on the specialized JTPA training programs available and conducted tours of the facilities. A visit was also made to the Texas Employment Commission (TEC) local offices where Carlos Conteras, regional director, briefed the Commissioners on major services and innovative programs of their Employment Service.

Regional SJTCC Meetings

In June, August, and October 1986, Commission Chairman Gertrude C. McDonald met with the State Job Training Coordinating Council chairs from nearly all 50 States in a series of four regional meetings that the Commission sponsored. The purpose of these meetings was threefold: to provide a forum for the SJTCC chairs to discuss their problems and accomplishments with the Chairman of NCEP; to provide an opportunity for State chairs to share information informally with each other; and to enable the author of the Commission's JTPA summary report to hear firsthand from State representatives how JTPA programs were progressing around the country.

The four meetings—held in Salt Lake City, Utah; Kansas City, Missouri; Nashville, Tennessee; and Portland, Maine—produced a greater understanding of how the JTPA program was operating nationwide. The sessions were deliberately programmed to be as flexible as possible to allow the maximum amount of time to share information. Issues identified in the course of the discussions tended to differ somewhat by region, although there was a core of concerns that overlapped all four groups.

The initial meeting of Western States was held in Salt Lake City on June 26, 1986. Representatives from Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Wyoming, and Washington attended. One pressing concern of the attendees in response to changing reporting requirements was the need to provide additional funding for postprogram follow-up, an issue that was subsequently resolved by the U.S. Congress in the 1986 JTPA amendments that permit the use of 6-percent funds for 2 years for the purpose of establishing postprogram followup systems. NCEP supported this amendment.

Other themes that emerged from the Salt Lake City meeting were these: The desire for States to be able to compete for unused JTPA allocations from other States, particularly in the case of Title III, but also Title II (this would require legislative amendment); the need to change the 40-percent youth expenditure requirement to permit more flexibility in the use of funds for youth; the need for States and localities to examine their income definitions for welfare eligibility to exclude OJT wages and other supportive services provided under JTPA

so that they do not become disincentives for participation in training programs; the need to synchronize Employment Service and JTPA funding cycles for better coordination; the need for better coordination among all related programs at the Federal and State levels; and the need to clarify existing placement definitions.

The second meeting of Midwestern States was held in Kansas City, Missouri on August 18, 1986. Representatives from Illinois, Iowa, Kansas, Missouri, Nebraska, North Dakota, and Ohio attended. In addition to sharing information about their State programs, the attendees discussed the need to make performance standards more flexible, the possibility for providing JTPA participant stipends, the importance of providing evening programs for adult trainees with family responsibilities, and the need to establish an organization of State Council chairs that could exchange information about JTPA.

The third meeting, held in Nashville, Tennessee, on August 21, 1986, brought together State Council representatives from Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Texas. One major concern of this group was to have the rules for the 6-percent funds changed to allow for preventive technical assistance for Service Delivery Areas in danger of falling below standard. This change, which was endorsed by NCEP, was later enacted into law in the 1986 JTPA amendments. Another concern was to allow the use of 6-percent funds for postprogram data collection, also provided for in the 1986 amendments. Other areas included the need to keep Federal program regulations at a minimum, with maximum flexibility given to the States; the desire to develop some kind of performance standards for vocational education programs funded under the Carl Perkins Vocational Education Act; and the possibility of developing adult competency standards that would parallel those now being developed for youth.

The fourth regional meeting was held in Portland, Maine, on October 20, 1986. In attendance were State Council representatives from Connecticut, Delaware, Maine, Maryland, New Jersey, Pennsylvania, and Rhode Island. Unlike many other States that had suffered economical setbacks, many New England States were thriving, except in some rural areas. As a result, these States suffered from various degrees of labor shortages, and much of their attention was directed at improving the existing labor supply through remedial education and occupational training. In addition, there was a strong emphasis on marketing JTPA both to employers and potential trainees, with the development of marketing manuals, statewide job fairs for youth and adults, and other efforts to attract participants, including tying training to economic development programs.

In addition to highlighting concerns and problems, these four meetings enabled Commission staff to learn more about the internal workings of the various State councils. They learned, for example, that most councils have developed numerous subcommittees to examine issues of special concern, including rapid response teams to work with communities undergoing mass layoffs. Particularly gratifying was the evidence that most State councils have matured beyond grappling with procedural and administrative issues to take on broader policy issues of concern to States. In some States, signs of the development of a statewide human resource policy with JTPA as a keystone were emerging. The issues that developed from these meetings were incorporated into the JTPA report written inhouse during summer and fall 1986.

Participants at all four conferences generally agreed that the opportunity to discuss issues was important, and they asked the Commission to help them make their views known to officials at the Federal level. It was suggested that the Commission consider hosting a larger meeting of the 50 State chairs in Washington, DC, or another location so that the dialogue could continue. Chairman McDonald, who was pleased to have had the opportunity to meet with the State chairs, agreed to consider this as a future activity of the Commission.

art III

MEETINGS OF THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY

uly 1, 1986, through June 30, 1987

Under Title IV of the Job Training Partnership Act, he Commission is required to meet at least three imes a year. During Program Year 1986, the Commission held four formal meetings.

Forty-Third Meeting
October 30–31, 1986
Arlington, Virginia

At this meeting, two newly appointed Commission members were sworn in—Leora Day from Boise, daho, former Director of Intergovernmental Affairs, U.S. Department of Agriculture; and Max Hugel rom Windham, New Hampshire, partner in a public relations/governmental affairs firm based in Washington, DC. The meeting focused on the status of Commission projects, policy statements, and recommendations for future research. The Commissioners discussed and adapted the policy statement and recommendations in the Outreach 1985 Report and the major JTPA report. In addition, NCEP staff members reviewed their papers on various employment policy issues for the Commissioners and presented ideas for future research. The Commissioners approved staff work and research on the topics of youth-at-risk and performance standards, with certain restrictions to be presented at the next Commission meeting.

Forty-Fourth Meeting
January 8, 1987
New Orleans, Louisiana

Three newly appointed Commission members were sworn in at this meeting—Virginia Milner from Beverly Hills, California, founder of charitable and community organizations; Barbara McQuown from Fairhaven, Maryland, former Associate Director of the Presidential Personnel Office at the White House and currently president of her own public relations firm; and Wayne Roberts from Burlington, Vermont, executive vice president of the Lake Champlain Regional Chamber of Commerce. The meeting focused on current, ongoing, and future research projects. The Commissioners discussed and adopted the work plan on Broadening Employment Options for Youth and the Request for Proposal regarding contracted research to evaluate the impact of performance standards under JTPA. In addition, the Commissioners reviewed the status of staff papers, projects, and activities. The Commission approved a proposal from the National Alliance of Business to fund a survey on issues involving the coordination of employment and training services under JTPA.

Forty-Fifth Meeting
March 12, 1987
San Antonio, Texas

A newly appointed Commission member was sworn in—John Gartland from Potomac, Maryland, director of Washington affairs for the Amway Corporation. The meeting focused on Commissioners' work group reports, staff research projects, future proposals, and an outreach/meeting update. The Commissioners discussed and adopted an additional JTPA amendment to the JTPA report and policy statements on trade adjustment assistance, the Administration's AFDC youth proposal, and plant closings. In addition, the Commissioners reviewed staff work on the issues of immigration, work/welfare reform, and displaced farmers and approved work plans for two RFP's on the issues of dislocated farmers and work/welfare. The Commissioners discussed and adopted three policy proposals for future research: "JTPA in Areas of High Unemployment," "The Use of Computer-Based Equipment in JTPA," and "Economic Growth and Work Improvements." As part of the Commission's outreach activities, the members reviewed previous

hearings and conferences and set the schedule for 1987 meetings.

Forty-Sixth Meeting
June 11–12, 1987
Washington, DC

At this meeting, two newly appointed Commission members were sworn in—Henry Duffy from Lithonia, Georgia, president of Air Line Pilots Association in Washington, DC; and James Winchester from Pass Christian, Mississippi, former Associate Administrator, National Oceanic and Atmospheric Administration, U.S. Department of Commerce, and currently president of his own consulting firm. The meeting focused on the status of Commission projects, policy statements, and recommendations for future research. The Commissioners discussed the current contract on performance standards evaluation with SRI and heard a legislative and intergovernmental affairs update. They also heard various speakers based in Washington, DC, including the Secretary of Labor, William Brock; the Assistant Secretary of Education for Adult and Vocational Education, Bonnie Guiton; the Assistant to the President for Domestic Policy, Jan Mares; and two Special Assistants to the President for Intergovernmental Affairs, Kae Rairdin and Judy Black.

The Commissioners approved a list of projects for future research in Program Year 1987, which included the following: validating short-term performance indicators against long-term earnings gain; assessing the importance of sequential service in improving future employment and earnings of JTPA clients; updating the assessment of the use of Federal funds in vocational education; assessing the need for Targeted Tax Credit; studying the employment effect of Social Security taxes; studying the effects of making certain public functions private; organizing a national conference for SJTCC chairs; and studying JTPA for the hard-to-serve. The Commissioners also approved a project to study the effects of plant closings particularly in small and medium-sized businesses.

APPENDIX A

Summaries of Sponsored Research and Selected Staff Papers

During Program Year 1986, the Commission issued several studies on employment and training issues. These studies are summarized below.

Implementation of the Job Training Partnership Act in Puerto Rico,

by Robert F. Cook and Alvin Mayne

The study on which this report is based was designed to provide a case history of the implementation of the Job Training Partnership Act (JTPA) in the Commonwealth of Puerto Rico. Puerto Rico is usually excluded from the sample frame for most national studies of Federal programs, as it was in the case of the implementation of JTPA. Therefore, little is known of the program experience in the Commonwealth.

Findings from the study corroborate what Commissioners found during their site visits in March 1986; namely, that economic conditions are difficult and unemployment so rampant that training programs like JTPA that emphasize on-the-job and classroom training have great difficulty serving existing needs. The study further found that the key issues in the Commonwealth are economic development and job creation. In response to the lack of demand for labor, JTPA programs emphasize self-employment in the fields of agriculture, fishing, tourism, and other service occupations, and JTPA training funds are combined with other sources of funds to stimulate entrepreneurship.

The evaluators found little evidence that innovative programs were being undertaken, and performance standards were considered by JTPA administrators to be completely unrealistic. The evaluators believe that Puerto Rico may, in fact, fall outside of the "forecast range" of the Secretary's model and therefore requires some form of special waiver to adjust for the level of unemployment and training needs so its programs can have an impact on the people it was designed to serve.

Worker Mobility in the U.S. Economy,

by Jeffrey Zornitsky, Jane Kulik, and Adam Seitchik

This study is part of the Commission's project concerned with the increasing internationalization of the U.S. economy and what this means for U.S. labor markets. If workers cannot move quickly from declining to growing sectors, changes in employment demand will produce both unemployment and bottlenecks in production.

For this study the authors addressed these questions:

- Has the rate of worker mobility kept pace with changing labor demand; if not, what strategies might be employed to increase it?
- When faced with dislocation, do workers respond by migrating and/or changing occupations; and how does their behavior compare to that of workers who are not displaced in the labor market?
- How adequate are existing Federal policies for facilitating worker mobility; and what changes, if any, would improve their effectiveness?

The authors concluded that even though economic changes were accelerating, worker mobility may have actually declined since the first half of the 1970's. The decline is partly attributable to increased labor force participation of married women and rising housing costs in the late 1970's. Displaced workers are much more likely to migrate than other workers.

The authors reached three conclusions in their analysis of government policies aimed at facilitating worker mobility. First, relocation assistance, although authorized by Title III of the Job Training Partnership Act and the Trade Adjustment Assistance Act, was not extensively used. Second, increased emphasis on experimental designs to evaluate program options was needed to develop an effective mobility strategy. Third, programs operate under differing administrative and planning guidelines and are not tied together into a consistent strategy for facilitating worker mobility.

A Study of Performance Measures and Subgroup Impacts in Three Welfare Employment Programs,
by Daniel Friedlander and David Long

This report completed the first phase of ongoing research being conducted on performance measurement and subgroup impacts in welfare employment programs. In addition to funding support from the Commission, this first phase was also funded by the Office of the Assistant Secretary for Planning and Evaluation and by the Office of Family Assistance, Family Support Administration, both of the U.S. Department of Health and Human Services.

The report reviews issues relevant to welfare population subgroups and program performance; discusses the welfare employment programs studied and their research designs; and provides an explanation of the methodology used to estimate subgroup impacts and to test performance indicators. The study also presents impacts and costs for the major subgroups and evaluates the validity of alternative performance measures, using program impact estimates.

The authors note that the search for valid and workable standards of performance to be used in employment programs for welfare recipients has been one of the major themes in current efforts to reform welfare policy. This report examines performance monitoring by studying three employment and training programs for recipients of Aid to Families with Dependent Children (AFDC)—programs in which participation was mandatory. It is the first phase of a two-part investigation into the differences in the impacts of such programs on the employment and welfare receipts of selected AFDC subgroups.

The research reported in this document addresses a number of important issues in monitoring and targeting welfare employment programs. It also raises questions relevant to the broader employment and training delivery system. The authors caution, however, that the findings should be considered preliminary and suggestive, rather than definitive.

Among the lessons from this study are the following:

- If resources are limited, it is a mistake to concentrate only on serving the most job-ready portion of the AFDC caseload as was the tendency in the WIN program. Performance measures should be revised to encourage programs to work with more dependent and less job-ready individuals.
- Administrators should look carefully at the operational results of more targeted services before exclusively using resources for this group.
- Not just the job-ready but a broad range of the AFDC caseload should be served, with differential rewards or monitoring structures.

The authors conclude by giving the reader a number of caveats and open questions. For example, the results presented come from mandatory programs enrolling everyone within a specific group of welfare recipients, and very different issues and lessons could arise in selective programs that can choose the people they wish to enroll. A major open question arises from the preliminary finding that, at least for the relatively inexpensive and often nonintensive services studied, there may be a threshold effect, that is, impacts may be smaller for the most dependent person. Finally, performance measures are only useful if they can be implemented—the data must be available and the calculations possible to do in a reasonable period of time.

The More Things Change . . . A Study of the Status of PY 85 JTPA Coordination and PY 84 JTPA Program Activities,
by Lawrence Neil Bailis

This paper contains a summary and analysis of information provided by the staff of 45 CETA Prime Sponsors and 45 JTPA Service Delivery Areas (SDAs). The study was prepared to document and assess the changes in patterns of service delivery that followed the early implementation of the Job Training Partnership Act of 1982, focusing specifically on the kinds of training activities and services that have been implemented and on the degree to which they have been coordinated with related programs.

The author used two complementary approaches: a review of the JTPA implementation literature and the conduct of panel studies on such topics as the following:

- Developing generic descriptions of employment and training activities and coordination that are applicable to both CETA Prime Sponsors and JTPA Service Delivery Areas.
- Using the measures that have been developed to describe the pre-JTPA activities funded by a sample of Prime Sponsors in Fiscal Year 1983 and the status of coordination at that time.
- Using the same measures in the first full year of JTPA (Program Year 1984) to discover and

document changes in activities, and in the second full year (1985) to assess changes in coordination in the Service Delivery Areas that covered the same geographic jurisdictions as the initial random sample of Prime Sponsors.

- Analyzing the results to determine the degree to which JTPA has brought about the kinds of change anticipated when it was enacted and that have thus far been described in the literature.

In comparing the activities funded under CETA and JTPA, the study found that the typical Prime Sponsor/SDA spent less funds per client under JTPA than was the case under CETA; the typical SDA spent larger proportions of its funding on classroom vocational skills training (CST) and on-the-job training (OJT) than it did under CETA; the typical CST participant received a much shorter training course under JTPA than his or her counterpart under CETA; and there have not been any appreciable changes in the kinds of training offered.

The author's analysis of the CETA and JTPA service delivery systems revealed major increases in the proportion of subcontractors funded under performance-based contracts and in the use of competency measures to assess the progress of youth through employment and training activities. The study further found a decline in the proportion of youth being served in activities specifically designed for youth, and no increase in the proportion of CST courses that have been customized to meet the needs of individual employers.

With regard to coordination, the study found an overall absence of change in coordination following the transition from CETA to JTPA. SDAs generally perceive coordination with relevant public and private organizations to be both good and improving and, while JTPA SDAs have better coordination with the Employment Service than with any other public agency or program, there is little evidence of improved coordination with the Employment Service.

Trade Adjustment Assistance: Part of the Solution or Part of the Problem?

by Stephen E. Baldwin

This paper assesses the extent to which Trade Adjustment Assistance (TAA) has aided workers whose jobs were lost due to increased imports. It concludes that TAA has not fostered much in the way of signficant worker adjustment, with less than 3 percent of the $4-billion-plus spent on TAA since 1962 going to retraining and relocation assistance.

TAA payments are made to workers through the various State unemployment insurance systems, after certification of eligibility is made by the Labor Department. Administrative delays in certifications are among the most serious flaws in the TAA system. To the extent that workers and firms regard TAA benefits as extended unemployment insurance, mobility to new jobs may be impeded rather than aided. Recent legislative proposals are also discussed.

Illegal Immigrants and Refugees—Their Economic Adaptation and Impact on Local U.S. Labor Markets: A Review of the Literature,

by Robert G. Ainsworth

This review by a Commission staff analyst was prepared to aid the Commission in its investigation of how U.S. employment and training policies can help improve U.S. competitiveness. About 100 studies dating from the mid-1970's to the mid-1980's were consulted.

The evidence indicates that U.S. workers competing for jobs in low-wage, secondary labor markets bear the brunt of any negative impact of illegal aliens. However, some jobs filled by U.S. workers may exist only because firms are able to use illegal workers. Undocumented workers make little use of income transfer programs, in contrast to refugees, for whom special programs have been established. These programs are important to refugees in their early period in the United States, while long-term prospects for self-sufficiency and improved socioeconomic status appear good.

Recent Immigration to New York: Labor Market and Social Policy Issues,

by Demetrios G. Papademetriou and Thomas Muller

This study looked in detail at how immigrants (legal and illegal) and refugees have affected the New York metropolitan labor market. In addition, the authors also investigated how the cities of Miami, Chicago, and Los Angeles have reacted to inflows of foreign-born workers. The authors conclude that overall recent immigration has improved U.S. ability to compete in the global marketplace. The formation of ethnic enclaves and the development of immigrant entrepreneurs have encouraged the growth of international trade.

A major source of assistance to newcomers to all four cities studied is the network of private sector service providers, often sponsored by churches

and ethnic organizations. These providers are partly funded by the public sector and complement services provided directly by public agencies. The public sector provides extensive health and educational services to immigrants and refugees but has a harder time providing English training and job training to adults.

LAYER CAKE: The Foreign-Born and Atlanta's Labor Market,
by David S. North and Posze Thao

In the context of Atlanta's continuing economic expansion, the impact of international migration is characterized as "bland to beneficial" in most respects. There have, however, been perceptions of employment displacement within the black community and a general need for more communication and coalition building among the immigrant groups and between them and the native-born white and black communities.

The authors found several distinct "layers" of foreign-born workers in the Atlanta economy, hence the title. These included executives of foreign companies, Korean entrepreneurs, Southeast Asian refugees, and undocumented workers (largely Hispanic and concentrated as construction laborers). It is the latter two groups that appear to be displacing low-wage native-born workers to a limited extent.

A Study of the Effects of Exchange Rate Fluctuations on the Sales and Employment Prospects of Selected U.S. Industries,
by Clark Chandler et al.

The effects of dollar appreciation during the first half of the 1980's were examined, and the outlook for employment and sales recovery as the dollar depreciates was assessed. The industries studied in detail were corn and wheat, textiles, apparel, steel, industrial machinery, computers, electronic components, and electronic communications equipment. All of these industries were adversely affected by international trade during the 1980's, but the role of exchange rate movements varied in importance, with industrial machinery and computers most affected.

The recent depreciation of the dollar is concentrated in the developed part of the world. The newly industrializing countries have not been affected as much, and even where rates have moved, as with Japan and the European countries, noncost barriers to trade continue to exist. The industrial machinery and computer industries are likely to benefit most overall, just as they were worst hit by the earlier appreciation of the dollar. Over the near term, it is unlikely that trade-displaced workers will be able to be reabsorbed in the trade-affected industries studied.

APPENDIX B

Comments of the National Commission for Employment Policy on the Reports of the National Council on Vocational Education

The National Commission for Employment Policy is required to comment annually on the reports of the National Council on Vocational Education (NCVE) under the Job Training Partnership Act (PL 97-300, Title IV).

Under the provisions of the Carl Perkins Vocational Education Act, effective October 1, 1984, the National Advisory Council on Vocational Education (NACVE) was reconstituted as the National Council on Vocational Education. Its purpose is to provide advice to the President, Congress, and the Secretary of Education on vocational education. Currently there are 17 Presidentially appointed members on the Council.

During the period covered by the Commission's *12th Annual Report*, July 1, 1986, through June 30, 1987, the Council issued its annual report for fiscal year 1986 entitled, "Preparing for a Productive Future." This document is intended to serve as an interim report outlining the relevant data, concerns, and questions the Council has proposed as a result of its investigations concerning major issues in vocational education and the impact of the Carl D. Perkins Act on those issues.

The Commission is generally in accord with the priorities and strategies advocated by the Council. In its report, the Council frames the issues it will continue to explore, many of which are concerns of the Commission as well. Included among them are the Council's concern that while basic skills must be a priority of the elementary and secondary schools, it is no longer the level of education but its kind and quality that determine one's economic contribution and impact on productivity. The Commission applauds the Council's call for improved coordination between secondary and postsecondary programs to provide continuity in learning, the building of positive attitudes toward both work and learning, and the emphasis on a solid foundation in the basic skills. The Council also considered the role of vocational education in addressing the labor market problems of dislocated workers, the disadvantaged and other special populations, and the accelerating influence of international competition and technology on work.

The Council's report also states that postsecondary vocational education institutions should "be accountable for acceptable rates of placement." The Commission endorses strongly the principle that programs should be held accountable to program goals. The major Federal employment and training program, the Job Training Partnership Act (JTPA), embodies this concept of accountability through a performance standard system that includes placement rates. In encouraging the Council's call for more accountability, the Commission suggests examing the utility of a performance standard system for postsecondary vocational education.

In outlining its 1987 work agenda in the report, the Council suggests that certain questions need to be addressed before significant policy recommendations can be made. Called "Project Catalyst," the Council will address questions about the role of the Federal Government in vocational education; standards and objectives of secondary and postsecondary vocational education for the 21st century; the role of business, industry, and labor in vocational education and how such roles can be enhanced; and improvement of the coordination and articulation of vocational education with the various education and job training programs. The Council is to be commended for its attention to these issues and the others discussed above.

APPENDIX C

List of Acronyms

AFDC	Aid to Families with Dependent Children
BLS	Bureau of Labor Statistics
CETA	Comprehensive Employment and Training Act
CST	Classroom (vocational) skills training
DOL	Department of Labor
ES	Employment Service, Job Service
GAO	General Accounting Office
GNP	Gross National Product
HHS	Department of Health and Human Services
JSSR	JTPA Semiannual Status Report
JTPA	Job Training Partnership Act
LEO	Local elected official
LMI	Labor market information
MDRC	Manpower Demonstration Research Corporation
NAB	National Alliance of Business
NAPIC	National Association of Private Industry Councils
NCEP	National Commission for Employment Policy
NCSL	National Council of State Legislatures
NCVE	National Council on Vocational Education
NGA	National Governors' Association
NTIS	National Technical Information Service
OJT	on-the-job training
OMB	Office of Management and Budget
PIC	Private industry council
PLUS	Project Literacy U.S.
PROICC	Puerto Rico Occupation Information Coordinating Committee
RFP	Request for Proposal
SCSEP	Senior Community Service Employment Program
SDA	Service delivery area
SER	SER—Jobs for Progress
SJTCC	State Job Training Coordinating Council
TAA	Trade Adjustment Assistance
TEC	Texas Employment Commission
UI	Unemployment Insurance
VETS	Veterans Employment and Training Service
WIN	Work Incentive Program

PUBLICATIONS OF THE NATIONAL COMMISSION FOR EMPLOYMENT POLICY

Research Report Series: Selected Reports, 1983–87

Retirement and Older Americans' Participation in Volunteer Activities, Research Report 83-01, June 1983

Emerging Employment Options for Older Workers: Practice and Potential, Research Report 83-02, Spring 1983

Coordination and Cooperation Between SCSEP and CETA Operations, Research Report 83-03, Spring 1983

Factors Affecting the Participation of Older Americans in Employment and Training Programs, Research Report 83-04, Spring 1983
(Appendices, Research Report 83-04A)

Sources of Labor Market Problems of Older Persons Who Are Also Women, Handicapped, And/Or Members of Minority Groups, Research Report 83-05, May 1983

Older Workers in the Market for Part-Time Employment, Research Report 83-06, Spring 1983

A Human Resource Management Perspective on Work Alternatives for Older Workers, Research Report 83-07, Spring 1983

Age, Productivity, and Earnings: A Case Study of a High-Tech Firm, Research Report 83-08, Spring 1983

Restructuring Social Security: How Will Retirement Ages Respond? Research Report 83-09, April 1983

Age Discrimination and Labor Market Problems of Displaced Older Male Workers, Research Report 83-10, June 1983

Eligibility and Participation Rates of Older Americans in Employment and Training Programs, Research Report 83-11, June 1983
(Appendices, Research Report 83-11A)

Multiple Liability? A Survey and Synthesis of Research Literature Pertaining to Labor Market Problems of Selected Groups of Older Workers, Research Report 83-12, March 1983

Older Workers' Responses to Job Displacement and the Assistance Provided by the Employment Service, Research Report 83-13, April 1983

Innovative Employment Practices for Older Americans, Research Report 83-14, May 1983

Estimated Effects of 1983 Changes in Employer Health Plan/Medicare Payment Provisions on Employer Costs and Employment of Older Workers, Research Report 83-15, June 1983
(Appendices, Research Report 83-15A)

Displaced Workers: New Options for a Changing Economy, Research Report 83-17, February 1983

Private Sector Job Creation, Research Report 83-21, February 1983

Illegal Immigration: U.S. Economic and Labor Market Impacts, Research Report 83-25, April 1983

Work Experience, Research Report 83-27, April 1983

Private Sector Participation in Employment and Training Programs: Analysis and Policy Implications, Research Report 83-28, July 1983

Partnerships Between Corporations and Schools, Research Report 83-29, August 1983

Recruiting Workers, Research Report 83-30, August 1983

Tracking the Transition (Round II): A Report on the Status of State and Local Preparations for Implementation of JTPA, Research Report 83-31, August 1983

Becoming Partners: How Schools and Companies Meet Mutual Needs, Research Report 83-33, August 1983

Managing the Ten Percent Set-Aside, Research Report 83-35, December 1983

Managing the Six Percent Set-Aside, Research Report 83-36, December 1983

An Independent Sector Assessment of the Job Training Partnership Act, Research Report 84-03, March 1984

Identification of Dislocated Workers Utilizing Unemployment Insurance Administrative Data: Results of a Five State Analysis, Research Report 84-04, April 1984

Perspectives on Technological Change: Historical Studies of Four Major Innovations, Research Report 84-07, September 1984

The Targeted Jobs Tax Credit: An Assessment, Research Report 85-01, April 1985

Innovative Developments in Unemployment Insurance, Research Report 85-02, February 1985

America's Veterans: A Report on Their Labor Market Experience and Job-Related Programs Available to Them, Research Report 85-04, February 1985

Seasonal Workers in American Agriculture: Background and Issues, Research Report 85-05, March 1985

Getting 100 Percent Results from the Eight Percent Education Set-Aside Under the Job Training Partnership Act, Research Report 85-06, April 1985

Uses of Computers in Education, Research Report 85-07, April 1985

The Adjustments of Youth and Educational Institutions to Technologically-Generated Changes in Skill Requirements, Research Report 85-08, May 1985

Training for Work in the Computer Age: How Workers Who Use Computers Get Their Training, Research Report 85-09, May 1985

The Education, Training, and Work Experience of the Adult Labor Force From 1984 to 1995, Research Report 85-10, May 1985

Final Report: State Job Training Coordinating Councils, Research Report 85-11, May 1985

Technological Change and Employment in Western Europe, Research Report 85-12, July 1985

Assessment of Adult and Youth Performance Standards Under the Job Training Partnership Act, Research Report 85-13, November 1985

Adult Education and Training: Policy Perspective, Research Report 86-01, January 1986

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Patterns of Demand for New Technologies, Research Report 86-03, April 1986

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Job Displacement, Reemployment and Earnings Loss: Evidence From the January 1984 Displaced Worker Survey, Research Report 86-18, Summer 1986

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